

**SUPPLEMENT DATED SEPTEMBER 12, 2012
TO THE OFFERING STATEMENT DATED AUGUST 24, 2012**

Relating to

\$431,850,000

TRANSPORTATION INFRASTRUCTURE PROPERTIES, LLC (“TrIPs”) OBLIGATED GROUP

<i>Bonds Being Publicly Offered Pursuant to this Offering Statement (the “Offered Bonds”):</i>	\$126,875,000 New York City Industrial Development Agency Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012A	\$189,400,000 Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012B		
<i>Bonds Being Privately Placed Via Separate Documentation (the “Non-Offered Bonds”):</i>	\$27,675,000 Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012C	\$11,535,000 Public Finance Authority Subordinate Class B Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012D	\$15,800,000 Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012E	\$54,465,000 Public Finance Authority Subordinate Class B Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012F
<i>Bonds Not Initially Offered to the Public:</i>	\$6,100,000 Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012G			

This Supplement, dated September 12, 2012, supplements the Offering Statement dated August 24, 2012 (the “OS”) referred to above as follows:

I. SUPPLEMENTAL INFORMATION RELATING TO THE ISSUANCE OF THE SERIES 2012G PFA BONDS

(1) In addition to the issuance of the Series 2012B PFA Bonds, the Series 2012C PFA Bonds, the Series 2012D PFA Bonds, the Series 2012E PFA Bonds and the Series 2012F PFA Bonds, there will be issued simultaneously with the issuance of such bonds an additional series of bonds by the Public Finance Authority entitled “Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012G” in the aggregate principal amount of \$6,100,000 (the “Series 2012G PFA Bonds”). The Series 2012G PFA Bonds will be sold directly to Goldman, Sachs & Co. and will not be initially reoffered to the public.

(2) The cover of the OS shall be deleted in its entirety and replaced with the cover attached hereto as Exhibit A.

(3) The total principal amount with respect to the Series 2012 Bonds appearing on the cover of the OS and throughout the OS shall be changed from “\$426,230,000*” to “\$431,850,000”.

(4) Page (iii) of the OS is amended to add the following pricing information relating to the Series 2012G PFA Bonds, after the reference to the Series 2012F PFA Bonds:

\$6,100,000
Public Finance Authority
Senior Airport Facilities Revenue and Refunding Bonds
(TrIPs Obligated Group),
Series 2012G

\$6,100,000 5.00% Term Bonds due July 1, 2017; Yield 3.15%, CUSIP[†] 74443C AL7

(5) The subheading “Non-Offered Bonds” on page I-2 of the OS under the subheading “PART I – SUMMARY OF OFFERING” shall be deleted in its entirety and replaced with the following:

“Non-Offered Bonds Simultaneously with the issuance of its Series 2012B PFA Bonds, the Authority will also issue its \$27,675,000 Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012C (the “*Series 2012C PFA Bonds*”), its \$11,535,000 Subordinate Class B Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012D (the “*Series 2012D PFA Bonds*”), its \$15,800,000 Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012E (the “*Series 2012E PFA Bonds*”), its \$54,465,000 Subordinate Class B Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012F (the “*Series 2012F PFA Bonds*”) and its \$6,100,000 Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012G (the “*Series 2012G PFA Bonds*” and, collectively with the Series 2012B PFA Bonds, the Series 2012C PFA Bonds, the Series 2012D PFA Bonds, the Series 2012E PFA Bonds and the Series 2012F PFA Bonds, the “*Series 2012 PFA Bonds*”). The Series 2012C PFA Bonds, the Series 2012D PFA Bonds, the Series 2012E PFA Bonds and the Series 2012F PFA Bonds (collectively, the “*Non-Offered Bonds*”) are not offered by this Offering Statement and will not be offered or sold to the public. In addition, the Series 2012G PFA Bonds will be sold directly to Goldman, Sachs & Co. and will not be initially offered to the public and are not offered

by this Offering Statement. The payment obligations of the Obligated Group with respect to the Series 2012A NYC IDA Bonds, the Series 2012B PFA Bonds, the Series 2012C PFA Bonds, the Series 2012E PFA Bonds and the Series 2012G PFA Bonds (collectively, the “*Series 2012 Senior Bonds*”) will be secured as Senior Obligations of the Obligated Group under the Master Indenture referred to below. The payment obligations of the Obligated Group with respect to the Series 2012D PFA Bonds and the Series 2012F PFA Bonds (collectively, the “*Series 2012 Subordinate Class B Bonds*”) will be secured as Subordinate Class B Obligations of the Obligated Group under the Master Indenture referred to below. The Offered Bonds, the Non-Offered Bonds and the Series 2012G PFA Bonds are sometimes collectively referred to as the “*Series 2012 Bonds*.” **The Non-Offered Bonds are not offered by this Offering Statement, will not be sold to the public and will be sold directly to CalEast Air Cargo Investors, LLC (“CalEast”).** CalEast is not a Member of the Obligated Group. CalEast, through two affiliated subsidiary entities, will, contemporaneously with the issuance of the Series 2012 Bonds, become the indirect owner of an approximately 99% interest in TrIPs, a Delaware limited liability company (which is the Group Representative and the owner, as of the date of issuance of the Offered Bonds, of each of the other Initial Members, defined herein). See “PART III – OFFICIAL STATEMENT FOR SERIES 2012A NYC IDA BONDS – INTRODUCTORY STATEMENT – The Series 2012B PFA Bonds and the Non-Offered Bonds” and “PART IV – OFFICIAL STATEMENT FOR SERIES 2012B PFA BONDS – INTRODUCTORY STATEMENT – The Series 2012A NYC IDA Bonds and the Non-Offered Bonds.” The Series 2012C PFA Bonds and the Series 2012D PFA Bonds were sold simultaneously with the Offered Bonds, and the pricing and sale information relating to the Series 2012C PFA Bonds and the Series 2012D PFA Bonds is reflected in the final Offering Statement dated August 24, 2012 distributed with respect to the Offered Bonds. The Series 2012E PFA Bonds, the Series 2012F PFA Bonds and the Series 2012G PFA Bonds were sold not less than fifteen (15) days after the sale of the Offered Bonds, and the pricing and sale information relating to the Series 2012E PFA Bonds, the Series 2012F PFA Bonds and the Series 2012G PFA Bonds is reflected in the Supplement dated September 12, 2012 to the final Offering Statement

dated August 24, 2012 to be distributed not more than seven (7) business days after the sale of the Series 2012E PFA Bonds, the Series 2012F PFA Bonds and the Series 2012G PFA Bonds.”

(6) The two paragraphs under the subheading “The Senior Notes” of “PART I – SUMMARY OF OFFERING” on pages I–5 and I–6 of the OS shall be deleted in its entirety and replaced with the following:

“The Senior Notes..... The obligations of the JFK Member under the NYC IDA Installment Sale Agreement will be secured by Senior Master Trust Indenture Promissory Note, Series 2012-1 (the “*Senior Note No. 1*”) in favor of the NYC IDA Trustee. The obligations of the PFA Members under the PFA Loan Agreement with respect to the Series 2012B PFA Bonds, the Series 2012C PFA Bonds, the Series 2012E PFA Bonds and the Series 2012G PFA Bonds (collectively, the “*Series 2012 PFA Senior Bonds*”) will be secured by four separate Senior Master Trust Indenture Promissory Notes, Series 2012-2, Series 2012-3, Series 2012-4 and Series 2012-5, respectively (the “*Senior Note No. 2*,” the “*Senior Note No. 3*,” the “*Senior Note No. 4*” and the “*Senior Note No. 5*,” respectively, and together with the Senior Note No. 1, the “*Senior Notes*”), and the obligations of the PFA Members under the PFA Loan Agreement with respect to the Series 2012D PFA Bonds and the Series 2012F PFA Bonds (collectively, the “*Series 2012 PFA Subordinate Class B Bonds*”) will be secured by two separate Subordinate Class B Master Trust Indenture Promissory Notes, Series 2012-1 and Series 2012-2, respectively (the “*Subordinate Class B Note No. 1*” and the “*Subordinate Class B Note No. 2*,” respectively, and collectively, the “*Subordinate Class B Notes*”), all in favor of the PFA Trustee. The Senior Notes and the Subordinate Class B Notes will be dated the date of issue of the Offered Bonds and issued simultaneously with the Series 2012 Bonds by the Obligated Group under the Master Indenture. Each of the Members of the Obligated Group will be jointly and severally liable on all obligations issued under the Master Indenture, including the Senior Notes and the Subordinate Class B Notes.

The five Senior Notes securing the Series 2012 Senior Bonds will be payable and secured as Senior Obligations of the Obligated Group under the Master Indenture. The two Subordinate Class B Notes securing the Series 2012 Subordinate Class B Bonds will be payable and secured as

Subordinate Class B Obligations of the Obligated Group under the Master Indenture. The Senior Notes will be senior in lien and payment to the Subordinate Class B Notes. The Series 2012 Senior Bonds will be the first five series of Senior Bonds secured under the Master Indenture. The Series 2012 Subordinate Class B Bonds will be the first two series of Subordinate Class B Bonds secured under the Master Indenture. Although the Master Indenture permits the issuance of Subordinate Class A Obligations (which would be subordinate to Senior Obligations, but senior to Subordinate Class B Obligations), there will be no Subordinate Class A Notes issued in conjunction with the issuance of the Series 2012 Bonds and none are outstanding currently. All Obligations issued under the Master Indenture are joint and several obligations of all Members of the Obligated Group. **The payment obligations of the Obligated Group with respect to all of the Offered Bonds, the Series 2012C Bonds, the Series 2012E Bonds and the Series 2012G PFA Bonds will be secured as Senior Obligations. The Senior Notes constitute Senior Obligations under the Master Indenture.** The Master Indenture permits the issuance by the Members of additional Senior Obligations, Subordinate Class A Obligations and additional Subordinate Class B Obligations under the Master Indenture. The ability of the Members to either (i) incur obligations outside of the Master Indenture or (ii) issue Obligations under the Master Indenture, is restricted. The Obligated Group is also issuing two Subordinate Class B Obligations in the form of indemnity agreements (the “*Indemnity Obligations*”), one to the NYC IDA and one to the Authority (collectively, the “*Indemnities*”). Neither of the Indemnity Obligations will have a principal amount or accrue interest unless and until an amount is owed thereunder. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – COMMON SECURITY FOR OBLIGATED GROUP.”

(7) The second sentence in the first full paragraph on page I-7, appearing under the subheading “Gross Revenue Pledge” of “PART I – SUMMARY OF OFFERING” of the OS shall be deleted in its entirety and replaced with the following:

“GROSS REVENUES OF THE OBLIGATED GROUP DEPOSITED PURSUANT TO THE MASTER INDENTURE WILL BE APPLIED TO SATISFY PAYMENT OF ALL SENIOR OBLIGATIONS, ON A

PARITY BASIS, INCLUDING, WITHOUT LIMITATION, SENIOR NOTE NO. 1, SENIOR NOTE NO. 2, SENIOR NOTE NO. 3, SENIOR NOTE NO. 4 AND SENIOR NOTE NO. 5.”

(8) The third paragraph on page II-33 of the OS under the subheading “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – COMMON SECURITY FOR OBLIGATED GROUP” shall be deleted in its entirety and replaced with the following:

“Each of the NYC IDA Trustee, as holder of Senior Note No. 1, and the PFA Trustee, as holder of Senior Note No. 2, Senior Note No. 3, Senior Note No. 4, Senior Note No. 5 and both of the Subordinate Class B Notes, issued pursuant to the Master Indenture, is entitled to rely on and benefit from the covenants, restrictions and obligations imposed on the Members of the Obligated Group.”

(9) The second sentence of the fifth paragraph on the cover of the Official Statement for the Series 2012A NYC IDA Bonds, appearing on page III-1 of the OS under the subheading “PART III – OFFICIAL STATEMENT FOR THE SERIES 2012A NYC IDA BONDS” shall be deleted in its entirety and replaced with the following:

“Simultaneously with the issuance by the NYC IDA of its Series 2012A NYC IDA Bonds, the Public Finance Authority, a unit of government under the laws of the State of Wisconsin, will issue its (i) \$189,400,000 Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012B (the “*Series 2012B PFA Bonds*”), (ii) \$27,675,000 Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012C (the “*Series 2012C PFA Bonds*”), (iii) \$11,535,000 Public Finance Authority Subordinate Class B Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012D (the “*Series 2012D PFA Bonds*”), (iv) \$15,800,000 Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012E (the “*Series 2012E PFA Bonds*”), (v) \$54,465,000 Public Finance Authority Subordinate Class B Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012F (the “*Series 2012F PFA Bonds*”) and (vi) \$6,100,000 Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012G (the “*Series 2012G PFA Bonds*,” and collectively with the Series 2012B PFA Bonds, the Series 2012C PFA Bonds, the Series 2012D PFA Bonds, the Series 2012E PFA Bonds and the Series 2012F PFA Bonds, the “*Series 2012 PFA Bonds*”).”

(10) The first sentence of the sixth paragraph on the cover of the Official Statement for the Series 2012A NYC IDA Bonds, appearing on page III-2 of the OS under the subheading “PART III – OFFICIAL STATEMENT FOR THE SERIES 2012A NYC IDA BONDS” shall be deleted in its entirety and replaced with the following:

“The Senior Notes (defined herein) securing the Series 2012A NYC IDA Bonds, the Series 2012B PFA Bonds, the Series 2012C PFA Bonds, the Series 2012E PFA Bonds and the Series 2012G PFA Bonds (collectively, the “*Series 2012 Senior Bonds*”) will be payable and secured as Senior Obligations of the Obligated Group under the Master Indenture.”

(11) The first sentence under the subheading “Series 2012B PFA Bonds and Non-Offered Bonds” on page III–8 of the OS in “PART III – OFFICIAL STATEMENT FOR THE SERIES 2012A NYC IDA BONDS – INTRODUCTORY STATEMENT” shall be deleted in its entirety and replaced with the following:

“Simultaneously with the issuance of the Series 2012A NYC IDA Bonds, the Public Finance Authority, a unit of government under the laws of the State of Wisconsin, will issue its (i) \$189,400,000 Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012B (the “*Series 2012B PFA Bonds*”), (ii) \$27,675,000 Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012C (the “*Series 2012C PFA Bonds*”), (iii) \$11,535,000 Public Finance Authority Subordinate Class B Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012D (the “*Series 2012D PFA Bonds*”), (iv) \$15,800,000 Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012E (the “*Series 2012E PFA Bonds*”), (v) \$54,465,000 Public Finance Authority Subordinate Class B Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012F (the “*Series 2012F PFA Bonds*”) and (vi) \$6,100,000 Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012G (the “*Series 2012G PFA Bonds*,” and collectively with the Series 2012B PFA Bonds, the Series 2012C PFA Bonds, the Series 2012D PFA Bonds, the Series 2012E PFA Bonds and the Series 2012F PFA Bonds, the “*Series 2012 PFA Bonds*”).”

(12) The first full paragraph on page III–9 of the OS under the subheading “Series 2012B PFA Bonds and Non-Offered Bonds” in “PART III – OFFICIAL STATEMENT FOR THE SERIES 2012A NYC IDA BONDS – INTRODUCTORY STATEMENT” shall be deleted in its entirety and replaced with the following:

“The Series 2012C PFA Bonds, the Series 2012D PFA Bonds, the Series 2012E PFA Bonds and the Series 2012F PFA Bonds (collectively, the “*Non-Offered Bonds*”) will not be offered or sold to the public and will be sold directly to CalEast Air Cargo Investors, LLC, a Delaware limited liability company (“*CalEast*”). In addition, the Series 2012G PFA Bonds will be sold directly to Goldman, Sachs & Co. and will not be initially offered to the public and are not offered by this Offering Statement. The Offered Bonds, the Non-Offered Bonds and the Series 2012G PFA Bonds are sometimes collectively referred to as the “*Series 2012 Bonds*.” The Series 2012B PFA Bonds, the Series 2012C PFA Bonds and the Series 2012D PFA Bonds were sold simultaneously with the Series

2012A NYC IDA Bonds and pricing and sale information relating to the Series 2012B PFA Bonds, the Series 2012C PFA Bonds and the Series 2012D PFA Bonds is reflected in the final Offering Statement dated August 24, 2012 distributed with respect to the Offered Bonds. The Series 2012E PFA Bonds, the Series 2012F PFA Bonds and the Series 2012G PFA Bonds were sold not less than fifteen (15) days after the sale of the Series 2012A NYC IDA Bonds, and the pricing and sale information relating to the Series 2012E PFA Bonds, the Series 2012F PFA Bonds and the Series 2012G PFA Bonds is reflected in the Supplement dated September 12, 2012 to the final Offering Statement dated August 24, 2012 to be distributed not more than seven (7) business days after the sale of the Series 2012E PFA Bonds, the Series 2012F PFA Bonds and Series 2012G PFA Bonds.”

(13) The first sentence of the second full paragraph on page III-9 of the OS under the subheading “Series 2012B PFA Bonds and Non-Offered Bonds” in “PART III – OFFICIAL STATEMENT FOR THE SERIES 2012A NYC IDA BONDS – INTRODUCTORY STATEMENT” shall be deleted in its entirety and replaced with the following:

“The five Senior Notes (defined herein) securing the Series 2012A NYC IDA Bonds, the Series 2012B PFA Bonds, the Series 2012C PFA Bonds, the Series 2012E PFA Bonds and the Series 2012G PFA Bonds, respectively (collectively, the “*Series 2012 Senior Bonds*”), will be payable and secured as Senior Obligations of the Obligated Group under the Master Indenture.”

(14) The fifth sentence of the second full paragraph on page III-9 of the OS under the subheading “Series 2012B PFA Bonds and Non-Offered Bonds” in “PART III – OFFICIAL STATEMENT FOR THE SERIES 2012A NYC IDA BONDS – INTRODUCTORY STATEMENT” shall be deleted in its entirety and replaced with the following:

“The Series 2012 Senior Bonds will be the first five series of Senior Bonds secured under the Master Indenture.”

(15) The first full sentence on page III-10 of the OS under the subheading “Security for the Series 2012A NYC IDA Bonds; the Obligated Group; Other Parity Debt of the Obligated Group” in “PART III – OFFICIAL STATEMENT FOR THE SERIES 2012A NYC IDA BONDS – INTRODUCTORY STATEMENT” shall be deleted in its entirety and replaced with the following:

“Each of the Members of the Obligated Group will be jointly and severally liable on Obligations issued under the Master Indenture, including Senior Note No. 1, along with the “*Senior Note No. 2*,” the “*Senior Note No. 3*,” the “*Senior Note No. 4*” and “*Senior Note No. 5*” as described in “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – COMMON SECURITY FOR OBLIGATED GROUP” under “INCLUSION BY SPECIFIC REFERENCE” herein (altogether,

the “*Senior Notes*”), together with other Master Trust Indenture Promissory Notes issued under the Master Indenture, including Subordinate Class A Obligations and additional Subordinate Class B Obligations, such as the Subordinate Class B Master Trust Indenture Notes, Series 2012-1 and Series 2012-2 (the “*Subordinate Class B Note No. 1*” and the “*Subordinate Class B Note No. 2*,” respectively, and as described in “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – COMMON SECURITY FOR OBLIGATED GROUP” under “INCLUSION BY SPECIFIC REFERENCE” herein and together, the “*Subordinate Class B Notes*,” and collectively, with the Senior Notes and any other Master Trust Indenture Promissory Notes issued under the Master Indenture, the “*Notes*”).”

(16) The second sentence of the second full paragraph on page III–11 of the OS under the subheading “Security Pledged by Obligated Group; Gross Revenues; Mortgages; Pledge Agreements” in “PART III – OFFICIAL STATEMENT FOR THE SERIES 2012A NYC IDA BONDS – INTRODUCTORY STATEMENT” shall be deleted in its entirety and replaced with the following:

“GROSS REVENUES OF THE OBLIGATED GROUP DEPOSITED PURSUANT TO THE MASTER INDENTURE WILL BE APPLIED TO SATISFY PAYMENT OF ALL SENIOR OBLIGATIONS (INCLUDING, WITHOUT LIMITATION, SENIOR NOTE NO. 1) IN ACCORDANCE WITH THE PRIORITY OF THE MASTER INDENTURE OBLIGATION (SEE “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – COMMON SECURITY FOR OBLIGATED GROUP – MORTGAGES,” “ – MASTER INDENTURE – GROSS REVENUE PLEDGE” AND “– FLOW OF FUNDS” UNDER “INCLUSION BY SPECIFIC REFERENCE”), ON A PARITY BASIS, INCLUDING, WITHOUT LIMITATION, SENIOR NOTE NO. 1, SENIOR NOTE NO. 2, SENIOR NOTE NO. 3, SENIOR NOTE NO. 4 AND SENIOR NOTE NO. 5.”

(17) The second and third sentences in the first paragraph on the cover of the Official Statement for the Series 2012B PFA Bonds, appearing on page IV–1 of the OS under the subheading “PART IV – OFFICIAL STATEMENT FOR THE SERIES 2012B PFA BONDS” shall be deleted in its entirety and replaced with the following:

“Simultaneously with the issuance of its Series 2012B PFA Bonds, the Public Finance Authority, a unit of government under the laws of the State of Wisconsin (the “*Authority*”), will also issue its (i) \$27,675,000 Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012C (the “*Series 2012C PFA Bonds*”), (ii) \$11,535,000 Public Finance Authority Subordinate Class B Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012D (the “*Series 2012D PFA Bonds*”), (iii) \$15,800,000 Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012E (the “*Series 2012E PFA Bonds*”), (iv) \$54,465,000 Public Finance Authority Subordinate Class B Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012F

(the “*Series 2012F PFA Bonds*”) and (v) \$6,100,000 Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012G (the “*Series 2012G PFA Bonds*,” and collectively with the Series 2012B PFA Bonds, the Series 2012C PFA Bonds, the Series 2012D PFA Bonds, the Series 2012E PFA Bonds and the Series 2012F PFA Bonds, the “*Series 2012 PFA Bonds*”). The Series 2012C PFA Bonds, the Series 2012D PFA Bonds, the Series 2012E PFA Bonds and the Series 2012F PFA Bonds (collectively, the “*Non-Offered Bonds*”) are not offered by this Official Statement and will not be offered or sold to the public and the Series 2012G PFA Bonds are not offered by this Official Statement, will be sold directly to Goldman, Sachs & Co. and will not be initially offered to the public.”

(18) The third paragraph on the cover of the Official Statement for the Series 2012B PFA Bonds, appearing on page IV–1 of the OS under the subheading “PART IV – OFFICIAL STATEMENT FOR THE SERIES 2012B PFA BONDS” shall be deleted in its entirety and replaced with the following:

“The obligations of the PFA Members under the PFA Loan Agreement with respect to the Series 2012B PFA Bonds, the Series 2012C PFA Bonds, the Series 2012E PFA Bonds and the Series 2012G PFA Bonds (collectively, the “*Series 2012 PFA Senior Bonds*”) will be secured by four separate Senior Master Trust Indenture Promissory Notes, Series 2012-2, Series 2012-3, Series 2012-4 and Series 2012-5, respectively (the “*Senior Note No. 2*,” the “*Senior Note No. 3*,” the “*Senior Note No. 4*” and the “*Senior Note No. 5*,” respectively), and the obligations of the PFA Members under the PFA Loan Agreement with respect to the Series 2012D PFA Bonds and the Series 2012F PFA Bonds (the “*Series 2012 Subordinate Class B Bonds*”) will be secured by two separate Subordinate Class B Master Trust Indenture Promissory Notes, Series 2012-1 and Series 2012-2, respectively (the “*Subordinate Class B Note No. 1*” and the “*Subordinate Class B Note No. 2*,” respectively, and collectively, the “*Subordinate Class B Notes*”). The Senior Note No. 2, the Senior Note No. 3, the Senior Note No. 4, the Senior Note No. 5 and the Subordinate Class B Notes will be issued and dated the date of issue of the Series 2012B PFA Bonds and issued by the Obligated Group under a Master Trust Indenture (Security Agreement), dated as of September 1, 2012, as supplemented by a First Supplemental Master Trust Indenture, dated as of September 1, 2012 (together, the “*Master Indenture*”), among the Initial Members and Wells Fargo Bank, National Association, as Master Trustee (the “*Master Trustee*”). Each of the Members of the Obligated Group will be jointly and severally liable on Obligations issued under the Master Indenture, including the Senior Note No. 2, the Senior Note No. 3, the Senior Note No. 4, the Senior Note No. 5 and the Subordinate Class B Notes.”

(19) The fifth paragraph on the cover of the Official Statement for the Series 2012B PFA Bonds, appearing on page IV–1 of the OS under the subheading “PART IV – OFFICIAL STATEMENT FOR THE SERIES 2012B PFA BONDS” shall be deleted in its entirety and replaced with the following:

“The Obligations issued under the Master Indenture, including Senior Note No. 2, Senior Note No. 3, Senior Note No. 4 and Senior Note No. 5, and the Subordinate Class B Notes, are secured by: (i) a pledge of Gross Revenues of each of the Members of the Obligated Group; (ii) a mortgage, deed of trust, leasehold mortgage or leasehold deed of trust, as applicable (collectively, the “*Mortgages*”), on leasehold or fee interests in certain facilities of the Members; (iii) a membership interest pledge and security agreement by TrIPs Holding Company, LLC to the Master Trustee of its membership interests in TrIPs; and (iv) a membership interest pledge and security agreement by TrIPs to the Master Trustee of its ownership interests in each Member of the Obligated Group.”

(20) The second, third, fourth and fifth paragraphs under the subheading “Series 2012A NYC IDA Bonds and Non-Offered Bonds” on pages IV–8 an IV–9 of the OS in “PART IV – OFFICIAL STATEMENT FOR THE SERIES 2012B PFA BONDS – INTRODUCTORY STATEMENT” shall be deleted in its entirety and replaced with the following:

“Simultaneously with the issuance of its Series 2012B PFA Bonds, the Authority will also issue its (i) \$27,675,000 Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012C (the “*Series 2012C PFA Bonds*”), (ii) \$11,535,000 Public Finance Authority Subordinate Class B Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012D (the “*Series 2012D PFA Bonds*”), (iii) \$15,800,000 Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012E (the “*Series 2012E PFA Bonds*”), (v) \$54,465,000 Public Finance Authority Subordinate Class B Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012F (the “*Series 2012F PFA Bonds*”) and (iv) \$6,100,000 Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012G (the “*Series 2012G PFA Bonds*,” and collectively with the Series 2012B PFA Bonds, the Series 2012C PFA Bonds, the Series 2012D PFA Bonds, the Series 2012E PFA Bonds and the Series 2012F PFA Bonds, the “*Series 2012 PFA Bonds*”).” The Series 2012C PFA Bonds, the Series 2012D PFA Bonds, the Series 2012E PFA Bonds and the Series 2012F PFA Bonds (collectively, the “Non-Offered Bonds”) are not offered by this Official Statement and will not be offered or sold to the public and will be sold directly to CalEast Air Cargo Investors, LLC (“*CalEast*”). CalEast is not a Member of the Obligated Group. CalEast, through a number of affiliated subsidiary entities will contemporaneously with the issuance of the Series 2012 Bonds, become the indirect owner of each of the Initial Members. In addition, the Series 2012G PFA Bonds will be sold directly to Goldman, Sachs & Co. and will not be initially offered to the public and are not offered by this Offering Statement.

The Series 2012C PFA Bonds and the Series 2012D PFA Bonds were sold simultaneously with the Series 2012B PFA Bonds and pricing and sale information relating to the Series 2012C PFA Bonds and the Series 2012D PFA

Bonds is reflected in the final Offering Statement dated August 24, 2012 distributed with respect to the Offered Bonds. The Series 2012E PFA Bonds, the Series 2012F PFA Bonds and the Series 2012G PFA Bonds were sold not less than fifteen (15) days after the sale of the Series 2012A NYC IDA Bonds, and the pricing and sale information relating to the Series 2012E PFA Bonds, the Series 2012F PFA Bonds and the Series 2012G PFA Bonds is reflected in the Supplement dated September 12, 2012 to the final Offering Statement dated August 24, 2012 to be distributed not more than seven (7) business days after the sale of the Series 2012E PFA Bonds, the Series 2012F PFA Bonds and Series 2012G PFA Bonds.

The payment obligations of the Obligated Group with respect to the Series 2012A NYC IDA Bonds, the Series 2012B PFA Bonds, the Series 2012C PFA Bonds, the Series 2012E PFA Bonds and the Series 2012G PFA Bonds (collectively, the “*Series 2012 Senior Bonds*”) will be secured as Senior Obligations of the Obligated Group. The payment obligations of the Obligated Group with respect to the Series 2012D PFA Bonds and the Series 2012F PFA Bonds will be secured as Subordinate Class B Obligations of the Obligated Group (collectively, the “*Series 2012 Subordinate Class B Bonds*”).

The five Senior Notes (defined herein) securing the Series 2012 Senior Bonds will be payable and secured as Senior Obligations of the Obligated Group under the Master Indenture. The Obligated Group is also issuing two Subordinate Class B Obligations in the form of indemnity agreements (the “*Indemnity Obligations*”), one to the NYC IDA and one to the Authority (collectively, the “*Indemnities*”). Neither of the Indemnity Obligations will have a principal amount or accrue interest unless and until an amount is owed thereunder. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – COMMON SECURITY FOR OBLIGATED GROUP – Additional Bonds/Additional Obligations” under “INCLUSION BY SPECIFIC REFERENCE” herein. The two Subordinate Class B Notes (defined herein) securing the Series 2012 Subordinate Class B Bonds will be payable and secured as Subordinate Class B Obligations of the Obligated Group under the Master Indenture. The Senior Notes will be senior in lien and payment to the Subordinate Class B Notes. The Series 2012 Senior Bonds will be the first five series of Senior Bonds secured under the Master Indenture. The Series 2012 Subordinate Class B Bonds will be the first two series of Subordinate Class B Bonds secured under the Master Indenture.”

(21) The first sentence of the last paragraph on page IV–9 of the OS under the subheading “Security for the Series 2012B PFA Bonds; the Obligated Group; Other Parity Debt of the Obligated Group” of the OS in “PART IV – OFFICIAL STATEMENT FOR THE SERIES 2012B PFA BONDS – INTRODUCTORY STATEMENT” shall be deleted in its entirety and replaced with the following:

“The obligations of the PFA Members under the PFA Loan Agreement with respect to the Series 2012B PFA Bonds, the Series 2012C PFA Bonds, the Series 2012E PFA Bonds and the Series 2012G PFA Bonds will be secured by four separate Senior Master Trust Indenture Promissory Notes, Series 2012-2, Series 2012-3, Series 2012-4 and Series 2012-5, respectively (the “*Senior Note No. 2*,” the “*Senior Note No. 3*,” the “*Senior Note No. 4*” and the “*Senior Note No. 5*,” respectively, and collectively, the “*Senior PFA Notes*”).”

(22) The second sentence of the last paragraph on page IV–10 of the OS under the subheading “Security Pledged by Obligated Group; Gross Revenues; Mortgages; Pledge Agreements” of the OS in “PART IV – OFFICIAL STATEMENT FOR THE SERIES 2012B PFA BONDS – INTRODUCTORY STATEMENT” shall be deleted in its entirety and replaced with the following:

“GROSS REVENUES OF THE OBLIGATED GROUP DEPOSITED PURSUANT TO THE MASTER INDENTURE WILL BE APPLIED TO SATISFY PAYMENT OF ALL SENIOR OBLIGATIONS (INCLUDING, WITHOUT LIMITATION, THE SENIOR PFA NOTES) IN ACCORDANCE WITH THE PRIORITY OF THE MASTER INDENTURE OBLIGATION (SEE “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – COMMON SECURITY FOR OBLIGATED GROUP – MORTGAGES,” “ – MASTER INDENTURE – GROSS REVENUE PLEDGE” AND “– FLOW OF FUNDS” UNDER “INCLUSION BY SPECIFIC REFERENCE”), ON A PARITY BASIS, INCLUDING, WITHOUT LIMITATION, SENIOR NOTE NO. 1, SENIOR NOTE NO. 2, SENIOR NOTE NO. 3, SENIOR NOTE NO. 4 AND SENIOR NOTE NO. 5.”

(23) All references to the Public Finance Authority Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group) “Series 2012B through Series 2012F Bonds” is changed to the “Series 2012B through Series 2012G Bonds.”

II. SUPPLEMENTAL INFORMATION RELATING TO SERIES 2012E PFA BONDS AND SERIES 2012F PFA BONDS

(24) Throughout the OS, the principal amount of the Series 2012E PFA Bonds shall be changed from “\$16,280,000*” to “\$15,800,000”.

(25) The following footnote, appearing on page (iii) of the OS and throughout the OS, shall be deleted in its entirety:

“Amounts relating to the Series 2012E PFA Bonds and the Series 2012F PFA Bonds will be finalized upon the sale of such bonds on September 10, 2012. Pricing and sale information relating to the Series 2012E PFA Bonds and the

Series 2012F PFA Bonds will be reflected in a supplement to the final Offering Statement to be distributed not more than seven (7) business days after the sale of such bonds.”

(26) The following pricing information relating to the Series 2012E PFA Bonds shall be added under the heading relating to such bonds on page (iii):

“\$15,800,000 5.00% Term Bonds due July 1, 2023; Yield 4.420%^{††}, CUSIP[†] 74443CAH6”

(27) The following pricing information relating to the Series 2012F PFA Bonds shall be added under the heading relating to such bonds on page (iii):

“\$34,655,000 5.40% Term Bonds due July 1, 2023; Yield 5.420%, CUSIP[†] 74443CAJ2

\$19,810,000 5.550% Term Bonds due July 1, 2027; Yield 5.580%, CUSIP[†] 74443CAK9”

III. SUPPLEMENTAL INFORMATION RELATING TO TrIPs HOLDING COMPANY, LLC

(28) Prior to the issuance of the Series 2012 Bonds, there will be a new entity created and named “TrIPs Holding Company, LLC”. TrIPs Holding Company, LLC will be organized to be a limited special purpose entity with the sole purpose of owning the membership interests of Transportation Infrastructure Properties, LLC (“TrIPs”). TrIPs Holding Company, LLC will pledge its membership interests in TrIPs to the Master Trustee pursuant to a membership interest pledge and security agreement from TrIPs Holding Company, LLC to the Master Trustee. TrIPs Holding Company, LLC is being created to own the membership interests of TrIPs in order to provide that the business entity owning the membership interests in TrIPs and pledging such interests to the Master Trustee is organized as a limited special purpose entity. In connection with the foregoing, (1) CalEast CAC, LLC will not be the owner of the membership interests in TrIPs and therefore not pledging such membership interests to the Master Trustee, and (2) all references in the Offering Statement to CalEast CAC, LLC (except with respect to the TrIPs Organizational Chart described below) are deleted and replaced with TrIPs Holding Company, LLC. In addition, the TrIPs Organizational Chart contained on page II-18 shall be deleted in its entirety and replaced with the following chart in order to reflect the creation of TrIPs Holding Company, LLC:

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IV. SUPPLEMENTAL REVISED FINANCIAL INFORMATION

(29) The table appearing on page II-43 under the heading “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – Projected Cash Flows” shall be deleted and replaced with the following table:

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PROJECTED CASH FLOWS

Year	Revenues ⁽¹⁾				Expenses							Cash Flows		
	Base Rent	Vacancy & Credit Loss	Reimbursable Expenses	Total	Ground Rent	Utilities, Taxes & Insurance	General Building	Management Fees	Leasing Commissions	Capital Expenditures	Total	Available for Debt Service ⁽²⁾	Senior Debt Service ⁽³⁾	Senior Coverage
2013	\$72,231,609	\$(966,588)	\$29,634,529	\$100,899,550	\$23,968,431	\$10,733,408	\$5,697,172	\$3,942,902	\$900,000	\$700,000	\$45,941,913	\$45,722,416	\$23,418,630	2.0 x
2014	74,345,283	(1,128,302)	31,634,529	104,851,510	24,877,857	10,939,542	5,239,179	4,122,120	918,000	714,000	46,810,698	58,353,913	28,996,288	2.0 x
2015	75,238,782	(1,321,372)	33,415,484	107,332,894	25,722,468	11,158,573	5,314,039	4,252,861	936,360	728,280	48,112,581	59,537,309	28,610,288	2.1 x
2016	77,973,093	(1,958,369)	33,579,792	109,594,516	25,007,103	11,381,196	5,418,556	4,381,493	955,087	742,846	47,886,281	62,030,271	30,806,038	2.0 x
2017	80,616,165	(2,199,949)	34,255,924	112,672,140	25,424,739	11,609,190	5,528,812	4,532,494	974,189	757,703	48,827,126	64,172,600	31,234,038	2.1 x
2018	82,356,096	(2,092,443)	35,088,088	115,351,741	26,287,842	11,841,532	5,641,934	4,653,814	993,673	772,857	50,191,651	65,717,989	33,475,788	2.0 x
2019	80,779,558	(1,901,442)	35,104,011	113,982,127	26,775,379	12,077,189	5,745,904	4,596,809	1,013,546	788,314	50,997,141	63,536,994	31,792,788	2.0 x
2020	81,577,450	(2,123,122)	36,068,281	115,522,609	26,670,394	12,146,296	5,744,150	4,625,820	1,033,817	804,080	51,024,557	65,056,637	32,958,788	2.0 x
2021	80,786,647	(2,230,779)	36,635,918	115,191,786	27,199,187	12,308,605	5,743,329	4,687,782	1,054,493	820,162	51,813,558	63,934,363	31,748,288	2.0 x
2022	75,633,966	(1,413,184)	30,784,031	105,004,813	22,531,945	11,545,116	5,085,983	4,405,740	1,075,583	836,565	45,480,932	60,055,715	26,960,038	2.2 x
2023	77,615,652	(1,508,317)	31,471,203	107,578,538	23,085,398	11,768,264	5,158,788	4,536,707	1,097,095	853,296	46,499,547	61,617,783	30,593,538	2.0 x
2024	78,801,261	(1,468,994)	32,045,391	109,377,658	23,691,302	11,985,332	5,196,567	4,606,557	1,119,037	870,362	47,469,157	62,442,638	30,377,500	2.1 x
2025	76,882,908	(1,296,977)	30,914,534	106,500,465	23,699,555	12,040,210	5,089,229	4,436,320	1,141,418	887,769	47,294,501	59,747,928	29,116,013	2.1 x
2026	72,074,547	(1,206,616)	29,433,930	100,301,862	22,872,798	11,500,243	4,827,185	4,018,310	1,164,246	905,525	45,288,306	55,522,734	26,052,975	2.1 x
2027	64,096,387	(1,321,368)	26,339,289	89,114,308	19,293,806	11,468,343	4,711,508	3,597,890	1,187,531	923,635	41,182,714	48,446,940	22,075,513	2.2 x
2028	64,805,949	(1,258,309)	26,633,367	90,181,007	19,114,761	11,588,607	4,770,633	3,665,401	1,211,282	942,108	41,292,791	49,407,815	23,151,900	2.1 x
2029	48,180,284	(971,377)	15,075,336	62,284,242	10,340,300	9,359,825	4,007,184	2,849,261	1,235,507	960,950	28,753,028	33,652,321	14,649,750	2.3 x
2030	46,445,311	(957,639)	13,194,842	58,682,514	9,401,900	8,829,126	3,745,316	2,639,083	1,260,217	980,169	26,855,812	31,940,331	13,678,500	2.3 x
2031	43,397,644	(787,705)	11,532,639	54,142,578	8,203,973	8,217,474	3,551,722	2,430,358	1,285,422	999,772	24,688,722	29,561,633	12,857,500	2.3 x
2032	41,524,529	(892,593)	10,166,355	50,798,290	7,324,266	7,544,863	3,454,380	2,273,811	1,311,130	1,019,768	22,928,218	27,965,355	11,520,500	2.4 x
2033	36,431,375	(714,861)	8,465,100	44,181,613	5,594,523	7,297,349	3,226,272	1,944,404	1,337,353	1,040,163	20,440,065	23,821,814	9,944,250	2.4 x
2034	35,065,994	(791,075)	8,397,842	42,672,760	5,356,831	6,899,336	2,740,699	1,847,344	1,364,100	1,060,966	19,269,275	23,487,380	10,018,000	2.3 x
2035	35,331,730	(684,742)	8,279,561	42,926,549	5,527,754	7,031,746	2,784,378	1,842,923	1,391,382	1,082,186	19,660,368	23,352,697	9,487,250	2.5 x
2036	34,229,024	(569,388)	8,085,474	41,745,110	5,396,838	6,948,001	2,662,698	1,778,062	1,419,209	1,103,829	19,308,637	22,526,349	9,281,250	2.4 x
2037	35,752,266	(777,804)	8,281,418	43,255,881	5,496,810	7,082,773	2,714,056	1,859,233	1,447,594	1,125,906	19,726,371	23,622,824	9,189,250	2.6 x
2038	35,734,871	(657,691)	8,055,967	43,133,147	5,506,299	7,065,098	2,664,126	1,827,083	1,476,545	1,148,424	19,687,576	23,542,462	9,440,250	2.5 x
2039	37,368,124	(841,742)	8,387,759	44,914,141	5,730,526	7,206,347	2,721,315	1,920,133	1,506,076	1,171,393	20,255,790	24,759,165	9,891,500	2.5 x
2040	38,206,309	(751,254)	8,441,445	45,896,500	5,925,104	7,350,867	2,779,976	1,962,942	1,536,198	1,194,821	20,749,908	25,251,814	9,396,500	2.7 x
2041	38,315,233	(716,074)	8,566,285	46,165,444	5,878,228	7,496,169	2,819,753	1,961,913	1,566,922	1,218,717	20,941,702	25,334,186	9,925,500	2.6 x
2042	40,070,224	(938,349)	8,847,248	47,979,123	5,991,446	7,645,176	2,879,625	2,054,095	1,598,260	1,243,091	21,411,694	26,639,761	6,457,500	4.1 x

⁽¹⁾ For a more detailed breakdown of the Revenues for each of the Facilities see "PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX H – TOTAL REVENUES PER FACILITY."

⁽²⁾ Cash Flows Available for Debt Service represent Total Revenues minus Total Expenses. In year 1, Cash Flows Available for Debt Service has been adjusted downward to reflect monies deposited in debt service funds for the existing debt through the expected settlement date. Additionally, Cash Flows Available for Debt Service in each year have been adjusted downward by expected annual bond administration costs (trustee and issuer fees) and upward by estimated debt service reserve fund earnings.

⁽³⁾ Senior debt service shown here is for the Series 2012A NYC IDA Bonds, the Series 2012B PFA Bonds, the Series 2012C PFA Bonds, the Series 2012E PFA Bonds and the Series 2012G Bonds, and does not include any subsequent issuance of senior debt, which is allowed under the Master Indenture and expected in the future as assets are added.

(30) The table appearing on page II-56 under the heading “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – Obligated Group Estimated Sources and Uses of Funds” shall be deleted and replaced with the following table:

	(Senior) Series 2012A NYC IDA Bonds	(Senior) Series 2012B PFA Bonds	(Senior) Series 2012C PFA Bonds and Series 2012E PFA Bonds	(Subordinate Class B) Series 2012D PFA Bonds and Series 2012F PFA Bonds	(Senior) Series 2012G PFA Bonds	Cash Defeasance	Total
Sources							
Par	\$126,875,000	\$189,400,000	\$43,475,000	\$66,000,000	\$6,100,000	-	\$431,850,000
Premium (Discount)	6,927,528	2,569,384	1,095,969	(120,473)	498,797	-	10,971,206
Equity	2,848,312	5,831,009	703,274	1,149,997	0	19,467,408	30,000,000
Prior Funds ¹	18,461,380	21,034,094	5,572,801	0	0	2,604,567	47,672,843
Total²	\$155,112,221	\$218,834,488	\$50,847,044	\$67,029,524	\$6,598,797	\$22,071,975	\$520,494,049
Uses							
Refunding Escrow Deposit ³	\$142,278,857	\$202,487,765	\$47,265,636	\$63,023,088	\$6,385,810	\$22,071,975	\$483,513,131
Debt Service Reserve Fund	7,310,000	9,318,550	1,800,094	1,731,254	99,375	-	20,259,273
Cost of Issuance and Fees ⁴	5,523,363	7,028,173	1,781,315	2,275,182	113,613	-	16,721,645
Total²	\$155,112,221	\$218,834,488	\$50,847,044	\$67,029,524	\$6,598,797	\$22,071,975	\$520,494,049

¹ Includes funds from existing debt service funds, debt service reserve funds, maintenance and operating reserves and is net of termination expenses associated with certain debt service reserve fund contracts.

² The totals may not add due to rounding.

³ Certain bonds will be refunded, or purchased or cancelled, on the date of issuance of the Series 2012 Bonds. Certain bonds will be refunded approximately eleven (11) to thirty-two (32) days following the date of issuance of the Series 2012 Bonds, which will require a deposit in escrow to defease such bonds.

⁴ Includes payment associated with termination of the debt service reserve fund contract for the Newark Bonds.

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(31) The table appearing on page II-57 under the heading “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – Obligated Group Debt Service Requirements on the Series 2012 Bonds” shall be deleted and replaced with the following table:

Year	(Senior) Series 2012A NYC IDA Bonds		(Senior) Series 2012B PFA Bonds		(Senior) Series 2012C PFA Bonds and Series 2012E PFA Bonds Debt Service	(Subordinate Class B) Series 2012D PFA Bonds and Series 2012F PFA Bonds Debt Service	(Senior) Series 2012G PFA Bonds		Total Debt Service
	Principal	Interest	Principal	Interest			Principal	Interest	
2013	\$ 5,220,000	\$ 5,075,000		\$ 7,658,530	\$5,221,100	\$4,734,182		\$244,000	28,152,812
2014	5,985,000	6,082,750	\$ 4,400,000	9,573,163	2,650,375	6,338,568		305,000	35,334,855
2015	3,920,000	5,783,500	1,405,000	9,353,163	7,843,625	6,249,798		305,000	34,860,085
2016	6,295,000	5,587,500	6,670,000	9,282,913	2,665,625	6,737,788		305,000	37,543,825
2017	6,215,000	5,272,750	2,405,000	8,949,413	1,986,875	6,151,218	6,100,000	305,000	37,385,255
2018	9,655,000	4,962,000	7,340,000	8,829,163	2,689,625	7,036,248			40,512,035
2019	5,830,000	4,479,250	7,705,000	8,462,163	5,316,375	4,414,578			36,207,365
2020	6,535,000	4,187,750	11,045,000	8,076,913	3,114,125	3,662,508			36,621,295
2021	6,400,000	3,861,000	8,655,000	7,524,663	5,307,625	4,406,078			36,154,365
2022	8,805,000	3,541,000	5,600,000	7,091,913	1,922,125	9,951,448			36,911,485
2023	8,530,000	3,100,750	8,655,000	6,811,913	3,495,875	6,651,988			37,245,525
2024	10,120,000	2,674,250	8,975,000	6,357,525	2,250,725	7,168,858			37,546,358
2025	8,985,000	2,168,250	9,775,000	5,886,338	2,301,425	7,551,378			36,667,390
2026	10,690,000	1,719,000	6,525,000	5,373,150	1,745,825	6,026,158			32,079,133
2027	10,180,000	1,184,500	4,320,000	5,030,588	1,360,425	4,466,983			26,542,495
2028	13,510,000	675,500	3,015,000	4,803,788	1,147,613	709,403			23,861,303
2029	-	-	8,140,000	4,645,500	1,864,250	709,403			15,359,153
2030	-	-	7,690,000	4,238,500	1,750,000	709,403			14,387,903
2031	-	-	7,370,000	3,854,000	1,633,500	709,403			13,566,903
2032	-	-	6,560,000	3,485,500	1,475,000	709,403			12,229,903
2033	-	-	5,515,000	3,157,500	1,271,750	1,644,403			11,588,653
2034	-	-	5,850,000	2,881,750	1,286,250	1,491,900			11,509,900
2035	-	-	5,690,000	2,589,250	1,208,000	800,240			10,287,490
2036	-	-	5,795,000	2,304,750	1,181,500	822,940			10,104,190
2037	-	-	5,995,000	2,015,000	1,179,250	848,488			10,037,738
2038	-	-	6,525,000	1,715,250	1,200,000	926,575			10,366,825
2039	-	-	7,245,000	1,389,000	1,257,500	1,048,820			10,940,320
2040	-	-	7,175,000	1,026,750	1,194,750	2,727,148			12,123,648
2041	-	-	7,990,000	668,000	1,267,500	1,680,310			11,605,810
2042	-	-	5,370,000	268,500	819,000	4,909,438			11,366,938
TOTAL	\$126,875,000	\$60,354,750	\$ 189,400,000	\$ 153,304,543	\$69,607,613	\$111,995,045	\$6,100,000	\$1,464,000	\$719,100,950

(32) The table appearing on page IV-25 under the heading “PART IV – OFFICIAL STATEMENT FOR THE SERIES 2012B PFA BONDS – Estimated Sources and Uses of Funds” shall be deleted and replaced with the following table:

	(Senior) Series 2012B PFA Bonds	(Senior) Series 2012C PFA Bonds and Series 2012E PFA Bonds	(Subordinate Class B) Series 2012D PFA Bonds and Series 2012F PFA Bonds	(Senior) Series 2012B PFA Bonds	Cash Defeasance	Total
Sources						
Par	\$189,400,000	\$43,475,000	\$66,000,000	\$6,100,000	-	\$304,975,000
Premium (Discount)	2,569,384	1,095,969	(120,473)	498,797	-	4,043,678
Equity	5,831,009	703,274	1,149,997	-	\$19,467,408	27,151,688
Prior Funds ¹	21,034,094	5,572,801	-	-	2,604,567	29,211,463
Total²	\$218,834,488	\$50,847,044	\$67,029,524	\$6,598,797	\$22,071,975	\$365,381,828
Uses						
Refunding Escrow Deposit ³	\$202,487,765	\$47,265,636	\$63,023,088	\$6,385,810	\$22,071,975	\$341,234,274
Debt Service Reserve Fund	9,318,550	1,800,094	1,731,254	99,375	0	12,949,273
Cost of Issuance and Fees ⁴	7,028,173	1,781,315	2,275,182	113,613	0	11,198,282
Total²	\$218,834,488	\$50,847,044	\$67,029,524	\$6,598,797	\$22,071,975	\$365,381,828

¹ Includes funds from existing debt service funds, debt service reserve funds, maintenance and operating reserves and is net of termination expenses associated with certain debt service reserve fund contracts.

² The totals may not add due to rounding.

³ Certain bonds will be refunded, or purchased or cancelled, on the date of issuance of the Series 2012 Bonds. Certain bonds will be refunded approximately eleven (11) to thirty-two (32) days following the date of issuance of the Series 2012 Bonds, which will require a deposit in escrow to defease such bonds.

⁴ Includes payment associated with termination of the debt service reserve fund contract for the Newark Bonds.

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(33) The table appearing on page IV–26 under the heading “PART IV – OFFICIAL STATEMENT FOR THE SERIES 2012B PFA BONDS –” shall be deleted and replaced with the following table:

Year	(Senior) Series 2012B PFA Bonds		(Senior) Series 2012C PFA Bonds and Series 2012E PFA Bonds Debt Service	(Subordinate Class B) Series 2012D PFA Bonds and Series 2012F PFA Bonds Debt Service	(Senior) Series 2012G PFA Bonds		Total Debt Service
	Principal	Interest			Principal	Interest	
2013	-	\$7,658,530	\$5,221,100	\$4,734,182	-	\$244,000	\$17,857,812
2014	\$4,400,000	9,573,163	2,650,375	6,338,568	-	305,000	23,267,105
2015	1,405,000	9,353,163	7,843,625	6,249,798	-	305,000	25,156,585
2016	6,670,000	9,282,913	2,665,625	6,737,788	-	305,000	25,661,325
2017	2,405,000	8,949,413	1,986,875	6,151,218	6,100,000	305,000	25,897,505
2018	7,340,000	8,829,163	2,689,625	7,036,248	-	-	25,895,035
2019	7,705,000	8,462,163	5,316,375	4,414,578	-	-	25,898,115
2020	11,045,000	8,076,913	3,114,125	3,662,508	-	-	25,898,545
2021	8,655,000	7,524,663	5,307,625	4,406,078	-	-	25,893,365
2022	5,600,000	7,091,913	1,922,125	9,951,448	-	-	24,565,485
2023	8,655,000	6,811,913	3,495,875	6,651,988	-	-	25,614,775
2024	8,975,000	6,357,525	2,250,725	7,168,858	-	-	24,752,108
2025	9,775,000	5,886,338	2,301,425	7,551,378	-	-	25,514,140
2026	6,525,000	5,373,150	1,745,825	6,026,158	-	-	19,670,133
2027	4,320,000	5,030,588	1,360,425	4,466,983	-	-	15,177,995
2028	3,015,000	4,803,788	1,147,613	709,403	-	-	9,675,803
2029	8,140,000	4,645,500	1,864,250	709,403	-	-	15,359,153
2030	7,690,000	4,238,500	1,750,000	709,403	-	-	14,387,903
2031	7,370,000	3,854,000	1,633,500	709,403	-	-	13,566,903
2032	6,560,000	3,485,500	1,475,000	709,403	-	-	12,229,903
2033	5,515,000	3,157,500	1,271,750	1,644,403	-	-	11,588,653
2034	5,850,000	2,881,750	1,286,250	1,491,900	-	-	11,509,900
2035	5,690,000	2,589,250	1,208,000	800,240	-	-	10,287,490
2036	5,795,000	2,304,750	1,181,500	822,940	-	-	10,104,190
2037	5,995,000	2,015,000	1,179,250	848,488	-	-	10,037,738
2038	6,525,000	1,715,250	1,200,000	926,575	-	-	10,366,825
2039	7,245,000	1,389,000	1,257,500	1,048,820	-	-	10,940,320
2040	7,175,000	1,026,750	1,194,750	2,727,148	-	-	12,123,648
2041	7,990,000	668,000	1,267,500	1,680,310	-	-	11,605,810
2042	5,370,000	268,500	819,000	4,909,438	-	-	11,366,938
TOTAL	\$ 189,400,000	\$ 153,304,543	\$69,607,613	\$111,995,045	\$6,100,000	\$1,464,000	\$531,871,200

V. SUPPLEMENTAL MISCELLANEOUS INFORMATION

On page D-65 of “PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE GROUND LEASES,” language under the subheading “Casualty and Condemnation” in the summary of the John F. Kennedy International Airport (Site 8 and Site 9A) Ground Lease has been amended to the following:

Casualty and Condemnation

The Member is obligated to restore the improvements located on the Premises following a casualty. The Lease will terminate automatically upon the occurrence of a taking of all or substantially all of the Premises, and the Member in certain circumstances is entitled to receive a portion of the award payable in connection with such taking, and in all other circumstances is entitled to make a claim in connection with the taking, all in accordance with the terms of the Lease.

EXHIBIT A

**TO SUPPLEMENT DATED SEPTEMBER 12, 2012
TO THE OFFERING STATEMENT DATED AUGUST 24, 2012**

NEW ISSUE - BOOK ENTRY ONLY



\$431,850,000

TRANSPORTATION INFRASTRUCTURE PROPERTIES, LLC (“TrIPs”) OBLIGATED GROUP

<i>Bonds Being Publicly Offered Pursuant to this Offering Statement (the “Offered Bonds”):</i>	\$126,875,000 New York City Industrial Development Agency Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012A	\$189,400,000 Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012B
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Dated: Date of Delivery

Due: As set forth on the inside cover pages

<i>Bonds Being Privately Placed Via Separate Documentation (the “Non- Offered Bonds”):</i>	\$27,675,000 Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012C	\$11,535,000 Public Finance Authority Subordinate Class B Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012D	\$15,800,000 Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012E	\$54,465,000 Public Finance Authority Subordinate Class B Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012F
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<i>Bonds Not Initially Offered to the Public:</i>	\$6,100,000 Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012G
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The New York City Industrial Development Agency Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012A (the “*Series 2012A NYC IDA Bonds*”) in the principal amount of \$126,875,000 are special limited revenue obligations of the New York City Industrial Development Agency, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State of New York (the “*NYC IDA*”) and will be issued pursuant to an Indenture of Trust dated as of September 1, 2012 (the “*NYC IDA Indenture*”), between the NYC IDA and The Bank of New York Mellon, as Trustee (the “*NYC IDA Trustee*”) to (i) refund in whole the NYC IDA’s Special Airport Facility Revenue Bonds (2001 Airis JFK I, LLC Project at JFK International Airport), Series 2001A, the proceeds of which were used to finance the construction and equipping of two air cargo facilities located at John F. Kennedy International Airport in Queens, New York which are leased to and operated by Aero JFK, LLC, a Delaware limited liability company (the “*JFK Member*”), (ii) fund a debt service reserve fund under the NYC IDA Indenture and (iii) pay certain costs of issuance of the Series 2012A NYC IDA Bonds. The JFK Member has agreed, pursuant to an Installment Sale Agreement and Assignment of Lease dated as of September 1, 2012 (the “*NYC IDA Installment Sale Agreement*”), between the NYC IDA and the JFK Member, to pay installment purchase payments equal to the principal or Redemption Price of, if applicable, Sinking Fund Installments, and interest on the Series 2012A NYC IDA Bonds.

Simultaneously with the NYC IDA’s issuance of the Series 2012A NYC IDA Bonds, the Public Finance Authority, a unit of government under the laws of the State of Wisconsin (the “*Authority*”) will issue its \$189,400,000 Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012B (the “*Series 2012B PFA Bonds*”), its \$27,675,000 Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012C (the “*Series 2012C PFA Bonds*”), its \$11,535,000 Subordinate Class B Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012D (the “*Series 2012D PFA Bonds*”), its \$15,800,000 Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012E (the “*Series 2012E PFA Bonds*”) its \$54,465,000 Subordinate Class B Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012F (the “*Series 2012F PFA Bonds*”) and its \$6,100,000 Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012G (the “*Series 2012G PFA Bonds*” and collectively with the Series 2012B PFA Bonds, the Series 2012C PFA Bonds, the Series 2012D PFA Bonds, the Series 2012E PFA Bonds and the Series 2012F PFA Bonds, the “*Series 2012 PFA Bonds*”). The Series 2012 PFA Bonds are special limited revenue obligations of the Authority and will be issued pursuant to a Trust Indenture dated as of September 1, 2012 (the “*PFA Indenture*,” and, together with the NYC IDA Indenture, the “*Indentures*”), between the Authority and Wells Fargo Bank, National Association, as bond trustee (the “*PFA Trustee*”) to (i) refund certain outstanding municipal bonds, the proceeds of which were used to finance the costs of acquiring, renovating, rehabilitating and improving fee and leasehold improvements to certain air cargo facilities located throughout the United States, in each case owned by or leased to the respective limited partnerships or limited liability companies all as described herein (each a “*PFA Member*,” and, together, the “*PFA Members*,” and, collectively with the JFK Member and other initial members described herein, the “*Initial Members*,” and, together with any Additional Members (defined herein), the “*TrIPs Obligated Group*” or the “*Obligated Group*” or the “*Members*”), (ii) fund a debt service reserve fund under the PFA Indenture and (iii) pay certain costs of issuance of the Series 2012 PFA Bonds. Each PFA Member has agreed, jointly and severally, pursuant to a Loan and Security Agreement dated as of September 1, 2012 (the “*PFA Loan Agreement*”) between the Authority and the PFA Members, to pay loan payments thereunder equal to the principal or Redemption Price of, if applicable, Sinking Fund Installments, and interest on the Series 2012 PFA Bonds.

The Series 2012A NYC IDA Bonds and the Series 2012B PFA Bonds (collectively, the “Offered Bonds”) are the only bonds offered by this Offering Statement. The Series 2012C PFA Bonds, the Series 2012D PFA Bonds, the Series 2012E PFA Bonds and the Series 2012F PFA Bonds (collectively, the “Non-Offered Bonds”) are not offered by this Offering Statement and will not be offered or sold to the public. In addition, the Series 2012G PFA Bonds will be sold directly to Goldman, Sachs & Co. and will not be initially offered to the public and are not

offered by this Offering Statement. The Offered Bonds, the Non-Offered Bonds and the Series 2012G PFA Bonds are sometimes collectively referred to as the “*Series 2012 Bonds*.” The Non-Offered Bonds will be sold directly to CalEast Air Cargo Investors, LLC (“*CalEast*”). The Series 2012C PFA Bonds and the Series 2012D PFA Bonds will be sold simultaneously with the Offered Bonds and pricing and sale information relating to such bonds will be reflected in the final Offering Statement distributed with respect to the Offered Bonds. The Series 2012E PFA Bonds, the Series 2012F PFA Bonds and the Series 2012G PFA Bonds were sold not less than fifteen (15) days after the sale of the Offered Bonds, and the pricing and sale information relating to the Series 2012E PFA Bonds, the Series 2012F PFA Bonds and the Series 2012G PFA Bonds is reflected in the Supplement dated September 12, 2012 to the final Offering Statement dated August 24, 2012 to be distributed not more than seven (7) business days after the sale of the Series 2012E PFA Bonds, the Series 2012F PFA Bonds and Series 2012G PFA Bonds.

The obligations of the JFK Member under the NYC IDA Installment Sale Agreement will be secured by Senior Master Trust Indenture Promissory Note, Series 2012-1 (the “*Senior Note No. 1*”). The obligations of the PFA Members under the PFA Loan Agreement with respect to the Series 2012B PFA Bonds, the Series 2012C PFA Bonds, the Series 2012E PFA Bonds and the Series 2012G Bonds (collectively, the “*Series 2012 PFA Senior Bonds*”) will be secured by four separate Senior Master Trust Indenture Promissory Notes, Series 2012-2, Series 2012-3, Series 2012-4 and Series 2012-5, respectively (the “*Senior Note No. 2*,” the “*Senior Note No. 3*,” the “*Senior Note No. 4*” and the “*Senior Note No. 5*,” respectively, and together with the Senior Note No. 1, the “*Senior Notes*”). The obligations of the PFA Members under the PFA Loan Agreement with respect to the Series 2012D PFA Bonds and the Series 2012F PFA Bonds (the “*Series 2012 Subordinate Class B Bonds*”) will be secured by two separate Subordinate Class B Master Trust Indenture Promissory Notes, Series 2012-1 and Series 2012-2, respectively (the “*Subordinate Class B Note No. 1*” and the “*Subordinate Class B Note No. 2*,” respectively, and collectively, the “*Subordinate Class B Notes*”). The Senior Notes and the Subordinate Class B Notes will be dated the date of issue of the Offered Bonds and issued simultaneously with the Series 2012 Bonds by the Obligated Group under a Master Trust Indenture (Security Agreement), dated as of September 1, 2012, as supplemented by a First Supplemental Master Trust Indenture, dated as of September 1, 2012 (together, the “*Master Indenture*”), among the Initial Members and Wells Fargo Bank, National Association, as Master Trustee (the “*Master Trustee*”). Each of the Members of the Obligated Group will be jointly and severally liable on Obligations issued under the Master Indenture, including the Senior Notes and the Subordinate Class B Notes.

Contemporaneously with the issuance of the Series 2012 Bonds, the Initial Members will form the Obligated Group. The Obligated Group is initially comprised of Transportation Infrastructure Properties, LLC, a Delaware limited liability company (“*TriPs*”), serving as the Group Representative, and a group of thirty-eight (38) affiliated entities all of the ownership interests of which will, contemporaneously with the issuance of the Offered Bonds, be transferred to TriPs. In addition, the membership interest of TriPs will, contemporaneously with the issuance of the Offered Bonds, be approximately 99% owned through a number of affiliated subsidiaries by CalEast, the purchaser of the Non-Offered Bonds. CalEast is not a Member of the Obligated Group.

The Obligations issued under the Master Indenture, including the Senior Notes and the Subordinate Class B Notes, are secured by: (i) a pledge of Gross Revenues of each of the Members of the Obligated Group; (ii) a mortgage, deed of trust, leasehold mortgage or leasehold deed of trust, as applicable (collectively, the “*Mortgages*”), on leasehold or fee interests in certain facilities of the Members; (iii) a membership interest pledge and security agreement by TriPs Holding Company, LLC to the Master Trustee of its membership interests in TriPs; and (iv) a membership interest pledge and security agreement by TriPs to the Master Trustee of its ownership interests in each Member of the Obligated Group.

This Offering Statement encompasses two separate Official Statements, one for each of the Series 2012A NYC IDA Bonds and the Series 2012B PFA Bonds, respectively.

The five Senior Notes securing the Series 2012A NYC IDA Bonds and the Series 2012 PFA Senior Bonds (collectively, the “*Series 2012 Senior Bonds*”) will be payable and secured as Senior Obligations of the Obligated Group under the Master Indenture. The two Subordinate Class B Notes securing the Series 2012 Subordinate Class B Bonds will be payable and secured as Subordinate Class B Obligations of the Obligated Group under the Master Indenture. The Senior Notes will be senior in lien and payment to the Subordinate Class B Notes. The Series 2012 Senior Bonds will be the first five series of Senior Bonds secured under the Master Indenture. The Series 2012 Subordinate Class B Bonds will be the first two series of Subordinate Class B Bonds secured under the Master Indenture. Members of the Obligated Group may issue additional Senior Obligations and Subordinate Class B Obligations (as well as Subordinate Class A Obligations, of which none have been issued to date or will be issued on the date the Offered Bonds are issued) including Obligations securing additional bonds. The Obligated Group is also issuing two Subordinate Class B Obligations in the form of indemnity agreements (the “*Indemnity Obligations*”), one to the NYC IDA and one to the Authority (collectively, the “*Indemnitees*”). Neither of the Indemnity Obligations will have a principal amount or accrue interest unless and until an amount is owed thereunder. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – COMMON SECURITY FOR OBLIGATED GROUP – Additional Bonds/Additional Obligations” herein.

The Offered Bonds will be issued as registered bonds and will bear interest at fixed rates all as indicated on the inside cover pages herein, and will be issued in denominations of \$5,000 or any integral multiples thereof for each of the Series 2012A NYC IDA Bonds and the Series 2012B PFA Bonds. Interest on the Offered Bonds will accrue from the date of delivery of the Offered Bonds and will be payable semiannually on January 1 and July 1, commencing January 1, 2013. The Offered Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“*DTC*”). Purchases will be made only in book-entry form through DTC participants in the aforesaid authorized denominations, and no physical delivery of Offered Bonds will be made to purchasers. Payments of principal or Redemption Price, if applicable, Sinking Fund Installments, and interest will be made to purchasers by DTC through its participants.

The Offered Bonds will be subject to optional and mandatory redemption at the times and amounts set forth herein.

The Federal and state law tax treatment of interest on each series of the Offered Bonds is described in the inside cover pages herein and under the caption “TAX MATTERS” in “PART III” and “PART IV” hereof.

INVESTMENT IN THE OFFERED BONDS INVOLVES SIGNIFICANT RISK AND PROSPECTIVE INVESTORS SHOULD READ THIS ENTIRE OFFERING STATEMENT PRIOR TO MAKING AN INVESTMENT DECISION. SEE “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – CERTAIN RISK FACTORS” HEREIN FOR CERTAIN RISK FACTORS. PROSPECTIVE INVESTORS SHOULD ALSO CAREFULLY EVALUATE THE MERITS AND RISKS OF INVESTMENT IN THE OFFERED BONDS AND SHOULD CONFER WITH THEIR LEGAL AND FINANCIAL ADVISORS, AS DEEMED APPROPRIATE.

Maturities, Amounts, Interest Rates and Prices or Yields on the Offered Bonds are all as shown on the inside cover pages.

The Offered Bonds will be offered when issued by the issuers thereof and accepted by the Underwriters subject to prior sale, when, as and if issued and subject to the approving opinions of the applicable Bond Counsel as described in the inside cover pages herein. Certain legal matters will be passed upon for the Obligated Group and TriPs Holding Company, LLC by Greenberg Traurig, LLP, Philadelphia, Pennsylvania, and by additional local counsel for the Obligated Group. Certain legal matters will be passed upon for the NYC IDA and the Authority by their respective counsel, as described herein. Certain legal matters will be passed on for the Underwriters by Underwriters' Co-Counsel as set forth on the inside cover pages herein. Delivery of the Offered Bonds is expected to take place through the facilities of DTC in New York, New York on or about September 13, 2012.

Goldman, Sachs & Co.

Cabrera Capital Markets, LLC

Loop Capital Markets

August 24, 2012

TRANSPORTATION INFRASTRUCTURE PROPERTIES, LLC (“*TriPS*”) OBLIGATED GROUP

<p><i>Bonds Being Publicly Offered Pursuant to this Offering Statement (the “Offered Bonds”):</i></p>	<p>\$126,875,000 New York City Industrial Development Agency Senior Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012A</p>	<p>\$189,400,000 Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012B</p>		
<p>Date: Date of Delivery</p>		<p>Due: As set forth on the inside cover pages</p>		
<p><i>Bonds Being Privately Placed Via Separate Documentation (the “Non-Offered Bonds”):</i></p>	<p>\$27,675,000 Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012C</p>	<p>\$11,535,000 Public Finance Authority Subordinate Class B Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012D</p>	<p>\$16,280,000* Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012E</p>	<p>\$54,465,000* Public Finance Authority Subordinate Class B Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012F</p>

The New York City Industrial Development Agency Senior Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012A (the “*Series 2012A NYC IDA Bonds*”) in the principal amount of \$126,875,000 are special limited revenue obligations of the New York City Industrial Development Agency, a corporate governmental agency constituting a body corporate and a public benefit corporation of the State of New York (the “*NYC IDA*”) and will be issued pursuant to an Indenture of Trust dated as of September 1, 2012 (the “*NYC IDA Indenture*”), between the NYC IDA and The Bank of New York Mellon, as Trustee (the “*NYC IDA Trustee*”) to (i) refund in whole the NYC IDA’s Special Airport Facility Revenue Bonds (2001 Airis JFK I, LLC Project at JFK International Airport), Series 2001A, the proceeds of which were used to finance the construction and equipping of two air cargo facilities located at John F. Kennedy International Airport in Queens, New York which are leased to and operated by Aero JFK, LLC, a Delaware limited liability company (the “*JFK Member*”), (ii) fund a debt service reserve fund under the NYC IDA Indenture and (iii) pay certain costs of issuance of the Series 2012A NYC IDA Bonds. The JFK Member has agreed, pursuant to an Installment Sale Agreement and Assignment of Lease dated as of September 1, 2012 (the “*NYC IDA Installment Sale Agreement*”), between the NYC IDA and the JFK Member, to pay installment purchase payments equal to the principal or Redemption Price of, if applicable, Sinking Fund Installments, and interest on the Series 2012A NYC IDA Bonds.

Simultaneously with the NYC IDA’s issuance of the Series 2012A NYC IDA Bonds, the Public Finance Authority, a unit of government under the laws of the State of Wisconsin (the “*Authority*”) will issue its \$189,400,000 Senior Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012B (the “*Series 2012B PFA Bonds*”), its \$27,675,000 Senior Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012C (the “*Series 2012C PFA Bonds*”), its \$11,535,000 Subordinate Class B Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012D (the “*Series 2012D PFA Bonds*”), its \$16,280,000 Senior Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012E (the “*Series 2012E PFA Bonds*”) and its \$54,465,000 Subordinate Class B Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012F (the “*Series 2012F PFA Bonds*”) and collectively with the Series 2012B PFA Bonds, the Series 2012C PFA Bonds and the Series 2012E PFA Bonds, the “*Series 2012 PFA Bonds*”). The Series 2012 PFA Bonds are special limited revenue obligations of the Authority and will be issued pursuant to a Trust Indenture dated as of September 1, 2012 (the “*PFA Indenture*,” and, together with the NYC IDA Indenture, the “*Indentures*”), between the Authority and Wells Fargo Bank, National Association, as bond trustee (the “*PFA Trustee*”) to (i) refund certain outstanding municipal bonds, the proceeds of which were used to finance the costs of acquiring, renovating, rehabilitating and improving fee and leasehold improvements to certain air cargo facilities located throughout the United States, in each case owned by or leased to the respective limited partnerships or limited liability companies all as described herein (each a “*PFA Member*,” and, together, the “*PFA Members*,” and, collectively with the JFK Member and other initial members described herein, the “*Initial Members*,” and, together with any Additional Members (defined herein), the “*TriPs Obligated Group*” or the “*Obligated Group*” or the “*Members*”), (ii) fund a debt service reserve fund under the PFA Indenture and (iii) pay certain costs of issuance of the Series 2012 PFA Bonds. Each PFA Member has agreed, jointly and severally, pursuant to a Loan and Security Agreement dated as of September 1, 2012 (the “*PFA Loan Agreement*”) between the Authority and the PFA Members, to pay loan payments thereunder equal to the principal or Redemption Price of, if applicable, Sinking Fund Installments, and interest on the Series 2012 PFA Bonds.

The Series 2012A NYC IDA Bonds and the Series 2012B PFA Bonds (collectively, the “*Offered Bonds*”) are the only bonds offered by this Offering Statement. The Series 2012C PFA Bonds, the Series 2012D PFA Bonds, the Series 2012E PFA Bonds and the Series 2012F PFA Bonds (collectively, the “*Non-Offered Bonds*”) are not offered by this Offering Statement and will not be offered or sold to the public. The Offered Bonds and the Non-Offered Bonds are sometimes collectively referred to as the “*Series 2012 Bonds*.” The Non-Offered Bonds will be sold directly to CalEast Air Cargo Investors, LLC (“*CalEast*”). The Series 2012C PFA Bonds and the Series 2012D PFA Bonds will be sold simultaneously with the Offered Bonds and pricing and sale information relating to such bonds will be reflected in the final Offering Statement distributed with respect to the Offered Bonds. The Series 2012E PFA Bonds and the Series 2012F PFA Bonds will be sold not less than fifteen (15) days after the sale of the Offered Bonds and pricing and sale information relating to such bonds will be reflected in a supplement to the final Offering Statement to be distributed not more than seven (7) business days after the sale of such bonds.

The obligations of the JFK Member under the NYC IDA Installment Sale Agreement will be secured by Senior Master Trust Indenture Promissory Note, Series 2012-1 (the “*Senior Note No. 1*”). The obligations of the PFA Members under the PFA Loan Agreement with respect to the Series 2012B PFA Bonds, the Series 2012C PFA Bonds and the Series 2012E PFA Bonds (collectively, the “*Series 2012 PFA Senior Bonds*”) will be secured by three separate Senior Master Trust Indenture Promissory Notes, Series 2012-2, Series 2012-3 and Series 2012-4, respectively (the “*Senior Note No. 2*,” the “*Senior Note No. 3*” and the “*Senior Note No. 4*,” respectively, and together with the Senior Note No. 1, the “*Senior Notes*”). The obligations of the PFA Members under the PFA Loan Agreement with respect to the Series 2012D PFA Bonds and the Series 2012F PFA Bonds (the “*Series 2012 Subordinate Class B Bonds*”) will be secured by two separate Subordinate Class B Master Trust Indenture Promissory Notes, Series 2012-1 and Series 2012-2, respectively (the “*Subordinate Class B Note No. 1*” and the “*Subordinate Class B Note No. 2*,” respectively, and collectively, the “*Subordinate Class B Notes*”). The Senior Notes and the Subordinate Class B Notes will be dated the date of issue of the Offered Bonds and issued simultaneously with the Series 2012 Bonds by the Obligated Group under a Master Trust Indenture (Security Agreement), dated as of September 1, 2012, as supplemented by a First Supplemental Master Trust Indenture, dated as of September 1, 2012 (together, the “*Master Indenture*”), among the Initial Members and Wells Fargo Bank, National Association, as Master Trustee (the “*Master Trustee*”). Each of the Members of the Obligated Group will be jointly and severally liable on Obligations issued under the Master Indenture, including the Senior Notes and the Subordinate Class B Notes.

Contemporaneously with the issuance of the Series 2012 Bonds, the Initial Members will form the Obligated Group. The Obligated Group is initially comprised of Transportation Infrastructure Properties, LLC, a Delaware limited liability company (“*TriPs*”), serving as the Group Representative, and a group of thirty-eight (38) affiliated entities all of the ownership interests of which will, contemporaneously with the issuance of the Offered Bonds, be transferred to TriPs. In addition, the membership interest of TriPs will, contemporaneously with the issuance of the Offered Bonds, be approximately 99% owned through a number of affiliated subsidiaries by CalEast, the purchaser of the Non-Offered Bonds. CalEast is not a Member of the Obligated Group.

The Obligations issued under the Master Indenture, including the Senior Notes and the Subordinate Class B Notes, are secured by: (i) a pledge of Gross Revenues of each of the Members of the Obligated Group; (ii) a mortgage, deed of trust, leasehold mortgage or leasehold deed of trust, as applicable (collectively, the “*Mortgages*”), on leasehold or fee interests in certain facilities of the Members; (iii) a membership interest pledge and security agreement by CalEast CAC, LLC to the Master Trustee of its membership interests in TriPs; and (iv) a membership interest pledge and security agreement by TriPs to the Master Trustee of its ownership interests in each Member of the Obligated Group.

This Offering Statement encompasses two separate Official Statements, one for each of the Series 2012A NYC IDA Bonds and the Series 2012B PFA Bonds, respectively.

The four Senior Notes securing the Series 2012A NYC IDA Bonds and the Series 2012 PFA Senior Bonds (collectively, the “*Series 2012 Senior Bonds*”) will be payable and secured as Senior Obligations of the Obligated Group under the Master Indenture. The two Subordinate Class B Notes securing the Series 2012 Subordinate Class B Bonds will be payable and secured as Subordinate Class B Obligations of the Obligated Group under the Master Indenture. The Senior Notes will be senior in lien and payment to the Subordinate Class B Notes. The Series 2012 Senior Bonds will be the first four series of Senior Bonds secured under the Master Indenture. The Series 2012 Subordinate Class B Bonds will be the first two series of Subordinate Class B Bonds secured under the Master Indenture. Members of the Obligated Group may issue additional Senior Obligations and Subordinate Class B Obligations (as well as Subordinate Class A Obligations, of which none have been issued to date or will be issued on the date the Offered Bonds are issued) including Obligations securing additional bonds. The Obligated Group is also issuing two Subordinate Class B Obligations in the form of indemnity agreements (the “*Indemnity Obligations*”), one to the NYC IDA and one to the Authority (collectively, the “*Indemnities*”). Neither of the Indemnity Obligations will have a principal amount or accrue interest unless and until an amount is owed thereunder. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – COMMON SECURITY FOR OBLIGATED GROUP – Additional Bonds/Additional Obligations” herein.

The Offered Bonds will be issued as registered bonds and will bear interest at fixed rates all as indicated on the inside cover pages herein, and will be issued in denominations of \$5,000 or any integral multiples thereof for each of the Series 2012A NYC IDA Bonds and the Series 2012B PFA Bonds. Interest on the Offered Bonds will accrue from the date of delivery of the Offered Bonds and will be payable semiannually on January 1 and July 1, commencing January 1, 2013. The Offered Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“*DTC*”). Purchases will be made only in book-entry form through DTC participants in the aforesaid authorized denominations, and no physical delivery of Offered Bonds will be made to purchasers. Payments of principal or Redemption Price, if applicable, Sinking Fund Installments, and interest will be made to purchasers by DTC through its participants.

The Offered Bonds will be subject to optional and mandatory redemption at the times and amounts set forth herein.

The Federal and state law tax treatment of interest on each series of the Offered Bonds is described in the inside cover pages herein and under the caption “TAX MATTERS” in “PART III” and “PART IV” hereof.

INVESTMENT IN THE OFFERED BONDS INVOLVES SIGNIFICANT RISK AND PROSPECTIVE INVESTORS SHOULD READ THIS ENTIRE OFFERING STATEMENT PRIOR TO MAKING AN INVESTMENT DECISION. SEE “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – CERTAIN RISK FACTORS” HEREIN FOR CERTAIN RISK FACTORS. PROSPECTIVE INVESTORS SHOULD ALSO CAREFULLY EVALUATE THE MERITS AND RISKS OF INVESTMENT IN THE OFFERED BONDS AND SHOULD CONFER WITH THEIR LEGAL AND FINANCIAL ADVISORS, AS DEEMED APPROPRIATE.

Maturities, Amounts, Interest Rates and Prices or Yields on the Offered Bonds are all as shown on the inside cover pages.

The Offered Bonds will be offered when issued by the issuers thereof and accepted by the Underwriters subject to prior sale, when, as and if issued and subject to the approving opinions of the applicable Bond Counsel as described in the inside cover pages herein. Certain legal matters will be passed upon for the Obligated Group and CalEast CAC, LLC by Greenberg Traurig, LLP, Philadelphia, Pennsylvania, and by additional local counsel for the Obligated Group. Certain legal matters will be passed upon for the NYC IDA and the Authority by their respective counsel, as described herein. Certain legal matters will be passed on by the Underwriters by Underwriters’ Co-Counsel as set forth on the inside cover pages herein. Delivery of the Offered Bonds is expected to take place through the facilities of DTC in New York, New York on or about September 13, 2012.

Goldman, Sachs & Co.

Cabrera Capital Markets, LLC

Loop Capital Markets

August 24, 2012

* Represents total amount sold with respect to the Series 2012A NYC IDA Bonds, the Series 2012B PFA Bonds, the Series 2012C PFA Bonds and the Series 2012D PFA Bonds. Amounts relating to the Series 2012E PFA Bonds and the Series 2012F PFA Bonds will be finalized upon the sale of such bonds on September 10, 2012. Pricing and sale information relating to the Series 2012E PFA Bonds and the Series 2012F PFA Bonds will be reflected in a supplement to the final Offering Statement to be distributed not more than seven (7) business days after the sale of such bonds.





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\$126,875,000
New York City Industrial Development Agency
Senior Airport Facilities Revenue and Refunding Bonds
(TriPs Obligated Group),
Series 2012A

Maturities, Amounts, Interest Rates, Prices or Yields and CUSIP Numbers

Due (July 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP[†]
2013	\$5,220,000	5.00%	1.750%	\$102.568	64972PAA2
2014	5,985,000	5.00	2.250	104.821	64972PAB0
2015	3,920,000	5.00	2.500	106.716	64972PAC8
2016	6,295,000	5.00	2.750	108.061	64972PAD6
2017	6,215,000	5.00	3.000	108.874	64972PAE4
2018	9,655,000	5.00	3.350	108.627	64972PAF1
2019	5,830,000	5.00	3.650	108.059	64972PAG9
2020	6,535,000	5.00	3.900	107.331	64972PAH7
2021	6,400,000	5.00	4.125	106.396	64972PAJ3
2022	8,805,000	5.00	4.200	106.366	64972PAK0

\$62,015,000 5.00% Term Bonds due July 1, 2028; Yield 4.50%^{††}; CUSIP[†] 64972PAL8

In the opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to NYC IDA (“NYC IDA Bond Counsel”), under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2012A NYC IDA Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), except that no opinion is expressed as to such exclusion of interest on any Series 2012A NYC IDA Bond for any period during which such Series 2012A NYC IDA Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a “substantial user” of the facilities refinanced with the proceeds of the Series 2012A NYC IDA Bonds or a “related person,” and (ii) interest on the Series 2012A NYC IDA Bonds, however, is treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code. In addition, in the opinion of NYC IDA Bond Counsel, under existing statutes, interest on the Series 2012A NYC IDA Bonds is exempt from personal income taxes imposed by the State of New York (the “State”) or any political subdivision thereof, including The City of New York, and each of the Series 2012A NYC IDA Bonds is exempt from all taxation directly imposed thereon by or under authority of the State. See “TAX MATTERS” in “PART III” of this Offering Statement.

The Series 2012A NYC IDA Bonds are offered when issued by the NYC IDA and accepted by the Underwriters, subject to prior sale when, as and if issued, and subject to the approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel for the Series 2012A NYC IDA Bonds. Certain other legal matters will be passed upon for the NYC IDA by its Vice President for Legal Affairs, Richard E. Marshall, Esq., the JFK Member and the other Members of the Obligated Group and CalEast CAC LLC by their special counsel, Greenberg Traurig LLP, Philadelphia, Pennsylvania, and for the Underwriters by their co-counsel, Winston & Strawn LLP, New York, New York and Greene and Letts, Chicago, Illinois. It is expected that the Series 2012A NYC IDA Bonds will be available for delivery to DTC in New York, New York on or about September 13, 2012.

[†] Copyright, American Bankers Association. CUSIP data herein are provided by Standard & Poor’s, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are provided solely for the convenience of bondholders only at the time of issuance of the Series 2012A NYC IDA Bonds, and the Authority and the Underwriters do not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP numbers for the Series 2012A NYC IDA Bonds are subject to being changed after the issuance of the Series 2012A NYC IDA Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Series 2012A NYC IDA Bonds.

^{††} Yield to the July 1, 2022 optional redemption date.

\$189,400,000
Public Finance Authority
Senior Airport Facilities Revenue and Refunding Bonds
(TrIPs Obligated Group),
Series 2012B

\$55,225,000 5.00% Term Bonds due July 1, 2022; Yield 4.33%, CUSIP[†] 74443CAA1

\$41,265,000 5.25% Term Bonds due July 1, 2028; Yield 4.70%^{††}, CUSIP[†] 74443CAB9

\$92,910,000 5.00% Term Bonds due July 1, 2042; Yield 5.15%, CUSIP[†] 74443CAC7

In the opinions of Greenberg Traurig, LLP, Philadelphia, Pennsylvania and Chico & Nunes, P.C., Chicago, Illinois, Co-Bond Counsel to the Authority (the "PFA Co-Bond Counsel"), under existing law, as currently enacted and construed, and assuming the accuracy of certain certifications and compliance with certain covenants of the Authority and the Obligated Group designed to assure compliance with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Series 2012B PFA Bonds is excludable from gross income of the owners thereof for federal income tax purposes, except for interest on any Series 2012B PFA Bond for any period during which such Series 2012B PFA Bond is held by a "substantial user" of one or more of the Facilities refinanced with the proceeds of the Series 2012 PFA Bonds or a "related person" within the meaning of Section 147(a) of the Code, but interest on the Series 2012B PFA Bonds is an item of tax preference under the Code for purposes of determining the alternative minimum tax imposed on individuals and corporations. Interest on Series 2012B PFA Bonds held by a foreign corporation may be subject to the branch profits tax imposed by the Code. See "TAX MATTERS" in "PART IV" of this Offering Statement.

The Series 2012B PFA Bonds are offered when, as and if issued by the Authority and received by the Underwriters subject to receipt of the approving opinion of Greenberg Traurig, LLP, Philadelphia, Pennsylvania and Chico & Nunes, P.C., Chicago, Illinois, PFA Co-Bond Counsel for the Series 2012B PFA Bonds, and certain other conditions. Certain legal matters will be passed upon for the Authority by von Briesen & Roper, s.c., Milwaukee, Wisconsin, the PFA Members by Greenberg Traurig, LLP, Philadelphia, Pennsylvania and additional local counsel for the Obligated Group, and for the Underwriters by their co-counsel, Winston & Strawn LLP, New York, New York and Greene and Letts, Chicago, Illinois. Delivery of the Series 2012B PFA Bonds is expected to take place through the facilities of DTC in New York, New York on or about September 13, 2012.

In the opinions of PFA Co-Bond Counsel, under existing law, the Series 2012B PFA Bonds and interest on the Series 2012B PFA Bonds are not exempt from income tax in the State of Wisconsin.

[†] Copyright, American Bankers Association. CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are provided solely for the convenience of bondholders only at the time of issuance of the Series 2012 PFA Bonds, and the Authority and the Underwriters do not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP numbers for the Series 2012 PFA Bonds are subject to being changed after the issuance of the Series 2012 PFA Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Series 2012 PFA Bonds.

^{††} Yield to the July 1, 2022 optional redemption date.

The following Series 2012C PFA Bonds, Series 2012D PFA Bonds, Series 2012E PFA Bonds and Series 2012F PFA Bonds (the “Non-Offered Bonds”) are being privately placed via separate documentation:

\$27,675,000
Public Finance Authority
Senior Airport Facilities Revenue and Refunding Bonds
(TrIPs Obligated Group),
Series 2012C

\$8,040,000 5.00% Term Bonds due July 1, 2022; Yield 4.33%, CUSIP[†] 74443CAD5
\$6,050,000 5.25% Term Bonds due July 1, 2028; Yield 4.70%^{††}, CUSIP[†] 74443CAE3
\$13,585,000 5.00% Term Bonds due July 1, 2042; Yield 5.15%, CUSIP[†] 74443CAF0

\$11,535,000
Public Finance Authority
Subordinate Class B Airport Facilities Revenue and Refunding Bonds
(TrIPs Obligated Group),
Series 2012D

\$11,535,000 6.15% Term Bonds due July 1, 2042; Yield 6.15%, CUSIP[†] 74443CAG8

\$16,280,000*
Public Finance Authority
Senior Airport Facilities Revenue and Refunding Bonds
(TrIPs Obligated Group),
Series 2012E

\$54,465,000*
Public Finance Authority
Subordinate Class B Airport Facilities Revenue and Refunding Bonds
(TrIPs Obligated Group),
Series 2012F

[†] Copyright, American Bankers Association. CUSIP data herein are provided by Standard & Poor’s, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are provided solely for the convenience of bondholders only at the time of issuance of the Series 2012 PFA Bonds, and the Authority and the Underwriters do not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP numbers for the Series 2012 PFA Bonds are subject to being changed after the issuance of the Series 2012 PFA Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Series 2012 PFA Bonds.

^{††} Yield to the July 1, 2022 optional redemption date.

* Amounts relating to the Series 2012E PFA Bonds and the Series 2012F PFA Bonds will be finalized upon the sale of such bonds on September 10, 2012. Pricing and sale information relating to the Series 2012E PFA Bonds and the Series 2012F PFA Bonds will be reflected in a supplement to the final Offering Statement to be distributed not more than seven (7) business days after the sale of such bonds.

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IMPORTANT INFORMATION ABOUT THIS OFFERING STATEMENT

No Unlawful Offers. This Offering Statement does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the Offered Bonds offered hereby, nor shall there be any offer, solicitation or sale of Offered Bonds by any person in any jurisdiction in which such an offer, solicitation or sale is not authorized or in which the person making such offer, solicitation or sale is not qualified to do so, or to any person to whom it is unlawful to make such an offer, solicitation or sale. ***The Non-Offered Bonds are not being offered pursuant to this Offering Statement.*** No dealer, broker, salesman or other person has been authorized to give any information or to make any representations not contained in this Offering Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the NYC IDA, the Authority, the Obligated Group, the NYC IDA Trustee, the PFA Trustee, the Master Trustee or the Underwriters.

Not a Contract; Not Investment Advice. This Offering Statement is not a contract and does not provide investment advice. Investors should consult their financial advisors and legal counsel with questions about this Offering Statement and the Offered Bonds being offered, and any other matter related to this bond issue.

This Offering Statement is a Several Document as to the NYC IDA and the Authority. This Offering Statement does not in its entirety constitute an Official Statement of either the NYC IDA or the Authority. The Official Statement of the NYC IDA is set forth only in “PART III” of this Offering Statement. The Official Statement of the Authority is set forth only in “PART IV” of this Offering Statement.

No Guarantee of Information. The Underwriters have provided the following sentence for inclusion in this Offering Statement: The Underwriters have reviewed the information in this Offering Statement in accordance with, and as a part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The information and expressions of opinion set forth herein are subject to change without notice, and neither the delivery of this Offering Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the NYC IDA or the Obligated Group, or in any other matter since the date of this Offering Statement.

The information set forth herein, other than that set forth in “PART III – OFFICIAL STATEMENT FOR THE SERIES 2012A NYC IDA BONDS” under the captions “THE NYC IDA” and “LITIGATION – The NYC IDA” and in “PART IV – OFFICIAL STATEMENT FOR THE SERIES 2012B PFA BONDS” under the captions “THE AUTHORITY” and “LITIGATION – The Authority” has been provided by the Obligated Group, and not by the NYC IDA, the Authority or the Underwriters. The NYC IDA has provided the information set forth in “PART III – OFFICIAL STATEMENT FOR THE SERIES 2012A NYC IDA BONDS” under the captions “THE NYC IDA” and “LITIGATION – The NYC IDA” and makes no representation, warranty or certification as to the adequacy or accuracy of the information set forth elsewhere in this Offering Statement. The Authority has provided the information set forth in “PART IV – OFFICIAL STATEMENT FOR THE SERIES 2012B PFA BONDS” under the captions “THE AUTHORITY” and “LITIGATION – The Authority” and makes no representation, warranty or certification as to the adequacy or accuracy of the information set forth elsewhere in this Offering Statement.

The order and placement of material in this Offering Statement, including its parts and appendices, are not to be deemed a determination of relevance, materiality or importance, and all material in this Offering Statement, including each part and all appendices, must be considered in its entirety.

Reference To Documents. Where statutes, reports, agreements or other documents are referred to herein, reference should be made to such statutes, reports, agreements or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof, and all summaries of such statutes, reports or other documents are qualified in their entirety by reference to such statutes, reports or other documents.

Statements of Expectations. If and when included in this Offering Statement, the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates” 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 projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the Obligated Group. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements speak only as of the date of this Offering Statement. The NYC IDA, the Authority, the Underwriters and the Obligated Group disclaim any obligations or undertaking to release publicly any updates or revision to any forward-looking statement contained herein to reflect any change in the expectations of the Obligated Group with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

The prospective financial information included in this Offering Statement has been prepared by, and is the responsibility of, Aeroterm US, Inc. (the “*Manager*”). PricewaterhouseCoopers LLP has neither examined, compiled nor performed any procedures with respect to the accompanying prospective financial information and, accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto. The PricewaterhouseCoopers LLP audit report included in this Offering Statement relates solely to the historical consolidated financial statements for Cargo Acquisition Company, LLC (including the Initial Members (as defined herein)) for the year ending June 30, 2011. It does not extend to the prospective financial information and should not be read to do so.

No Registration. Upon issuance, the Offered Bonds and related instruments will not be registered under the Securities Act of 1933, as amended, or under any state securities law, and the Indentures and the Master Indenture have not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon the exemptions contained in such Acts. The registration, qualification or exemption therefrom of the Offered Bonds and related instruments in accordance with the applicable securities laws of the jurisdictions wherein the Offered Bonds may be offered or sold shall not be construed as a recommendation of the Offered Bonds by any person. The Offered Bonds will not be listed on any stock or other securities exchange. The Offered Bonds have not been recommended by any federal or state securities commission or regulatory authority, and neither the Securities and Exchange Commission nor any other federal, state or governmental entity or agency will have passed upon the accuracy or adequacy hereof. Any representation to the contrary may be a criminal offense.

Underwriter Transactions. In connection with this offering, the Underwriters may overallocate or effect transactions which stabilize or maintain the market price of the Offered Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing transactions, if commenced, may be discontinued at any time. The Underwriters may offer and sell the Offered Bonds to certain dealers and dealer banks and others at prices lower than the public offering prices stated on the inside cover pages hereof, and said public offering prices may be changed from time to time by the Underwriters.

Purchase of the Offered Bonds involves significant risk. Prospective investors should read this entire Offering Statement prior to making an investment decision. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – CERTAIN RISK FACTORS” herein for certain factors that prospective purchasers should consider prior to purchasing any of the Offered Bonds.

PART I – SUMMARY OF OFFERING

General..... This Offering Statement (the “*Offering Statement*”) relating to the offering of certain bonds secured by the Senior Notes (described herein) to be issued by the Transportation Infrastructure Properties, LLC (“*TriPs*”) Obligated Group described herein includes the cover pages hereof, the inside cover pages, “PART I,” “PART II,” “PART III,” “PART IV” and “PART V” herein. This Offering Statement also includes the Official Statement of the New York City Industrial Development Agency relating to its Senior Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012A set forth in “PART III” of this Offering Statement, and the Official Statement of the Public Finance Authority relating to its Senior Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012B, as set forth in “PART IV” of this Offering Statement.

The information contained in this “Summary of Offering” section is only a brief description and a full review should be made of this entire Offering Statement, including all Parts and Appendices hereof and any documents incorporated herein by reference. This “Summary of Offering” is expressly qualified by reference to this entire Offering Statement. This Offering Statement speaks only as of its date and the information contained in this Offering Statement is subject to change without notice. Terms used in this Offering Statement and not defined in the body of this Offering Statement are defined in “PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX F – CERTAIN DEFINED TERMS.”

Offered Bonds..... The bonds offered hereby include the following:

The \$126,875,000 aggregate principal amount of New York City Industrial Development Agency Senior Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012A (the “*Series 2012A NYC IDA Bonds*”) issued by the New York City Industrial Development Agency, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State of New York (the “*NYC IDA*”), and the \$189,400,000 aggregate principal amount of Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012B (the “*Series 2012B PFA Bonds*”) issued by the Public Finance Authority, a unit of government under the laws of the State of Wisconsin (the “*Authority*”). See “PART III – OFFICIAL STATEMENT FOR THE SERIES 2012A NYC IDA BONDS” and “PART IV – OFFICIAL STATEMENT FOR THE SERIES 2012B PFA BONDS” herein.

The Series 2012A NYC IDA Bonds and the Series 2012B PFA Bonds (collectively, the “*Offered Bonds*”) will each be sold in denominations of \$5,000 or any integral multiple thereof, respectively. Each series of the Offered Bonds will mature on the dates and will bear interest at the fixed rates set forth on the respective inside cover page of this Offering Statement. Interest on the Offered Bonds will be computed on the basis of a 360-day year of twelve 30-day months and will be payable on each January 1 and July 1, commencing on January 1, 2013 to maturity (or earlier redemption). Interest on the Offered Bonds shall be payable to the persons appearing on the registration books of the NYC IDA Trustee or the PFA Trustee, as applicable, as the registered owners thereof on the Record Date (which shall be the close of business on the 15th day of the month immediately preceding each Interest Payment Date; provided, that if any such day is not a Business Day, the next preceding Business Day).

The Offered Bonds will be issued as fully registered bonds and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Offered Bonds. Purchases will be made only in book-entry form through DTC participants in the authorized denominations described above, and no physical delivery of Offered Bonds will be made to purchasers. So long as Cede & Co., as nominee of DTC, is the registered owner, references to “Bondholders” or “registered owners” or “owners” or “holder” shall mean Cede & Co. and shall not mean the beneficial owners of the Offered Bonds, except under the captions “TAX MATTERS” in both “PART III – OFFICIAL STATEMENT FOR THE SERIES 2012A NYC IDA BONDS” and “PART IV – OFFICIAL STATEMENT FOR THE SERIES 2012B PFA BONDS” herein.

Non-Offered Bonds..... Simultaneously with the issuance of its Series 2012B PFA Bonds, the Authority will also issue its \$27,675,000 Senior Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012C (the “*Series 2012C PFA Bonds*”), its \$11,535,000 Subordinate Class B Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012D (the “*Series 2012D PFA Bonds*”), its \$16,280,000* Senior Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012E (the “*Series 2012E PFA Bonds*”) and its \$54,465,000* Subordinate Class B Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012F (the “*Series 2012F PFA Bonds*”) and, collectively with the Series 2012B PFA Bonds, the Series 2012C PFA Bonds, the Series 2012D PFA Bonds and the Series 2012E PFA Bonds, the “*Series 2012 PFA Bonds*”). The Series 2012C PFA Bonds, the Series 2012D PFA Bonds, the Series 2012E PFA Bonds and the Series 2012F PFA Bonds (collectively, the “*Non-Offered Bonds*”) are not offered by this Offering Statement and will not be offered or sold to the public. The payment obligations of the Obligated Group with respect to the Series 2012A NYC IDA Bonds, the Series 2012B PFA Bonds, the Series 2012C PFA Bonds and the Series 2012E PFA Bonds (collectively, the “*Series 2012 Senior Bonds*”) will be secured as Senior Obligations of the Obligated Group under the Master Indenture referred to below. The payment obligations of the Obligated Group with respect to the Series 2012D PFA Bonds and the Series 2012F PFA Bonds (collectively, the “*Series 2012 Subordinate Class B Bonds*”) will be secured as Subordinate Class B Obligations of the Obligated Group under the Master Indenture referred to below. The Offered Bonds and the Non-Offered Bonds are sometimes collectively referred to as the “*Series 2012 Bonds.*” **The Non-Offered Bonds are not offered by this Offering Statement, will not be sold to the public and will be sold directly to CalEast Air Cargo Investors, LLC (“CalEast”).** CalEast is not a Member of the Obligated Group. CalEast, through two affiliated subsidiary entities, will, contemporaneously with the issuance of the Series 2012 Bonds, become the owner of an approximately 99% interest in TriPs, a Delaware limited liability company (which is the Group Representative and the owner, as of the date of issuance of the Offered Bonds, of each of the other Initial Members, defined herein). See “PART III – OFFICIAL STATEMENT FOR SERIES 2012A NYC IDA BONDS – INTRODUCTORY STATEMENT – The Series 2012B PFA Bonds and the Non-Offered Bonds” and “PART IV – OFFICIAL STATEMENT FOR SERIES 2012B PFA BONDS – INTRODUCTORY STATEMENT – The Series 2012A NYC IDA Bonds and the Non-Offered Bonds.” The Series 2012C PFA Bonds and the Series 2012D PFA Bonds will be sold simultaneously with the Offered Bonds, and the pricing

* Amounts relating to the Series 2012E PFA Bonds and the Series 2012F PFA Bonds will be finalized upon the sale of such bonds on September 10, 2012. Pricing and sale information relating to the Series 2012E PFA Bonds and the Series 2012F PFA Bonds will be reflected in a supplement to the final Offering Statement to be distributed not more than seven (7) business days after the sale of such bonds.

and sale information relating to the Series 2012C PFA Bonds and the Series 2012D PFA Bonds will be reflected in the final Offering Statement distributed with respect to the Offered Bonds. The Series 2012E PFA Bonds and the Series 2012F PFA Bonds will be sold not less than fifteen (15) days after the sale of the Offered Bonds, and the pricing and sale information relating to the Series 2012E PFA Bonds and the Series 2012F PFA Bonds will be reflected in a supplement to the final Offering Statement to be distributed not more than seven (7) business days after the sale of the Series 2012E PFA Bonds and the Series 2012F PFA Bonds.

**Limitations of Affiliated Holders
and Holders of Subordinate**

Class B Obligations..... An Affiliated Holder, including CalEast, of the Notes (defined herein) issued under the Master Indenture (defined herein) has no right to direct the Master Trustee (defined herein) to declare an event of default under the Master Indenture or direct remedies, following an event of default, while other Notes are outstanding under the Master Indenture. In addition, a Holder of Subordinate Class B Notes (defined herein) has no right to direct the Master Trustee to declare an event of default under the Master Indenture if Senior Notes are Outstanding thereunder.

Purposes of Issuance..... The Series 2012A NYC IDA Bonds will be issued to (i) refund in whole the NYC IDA’s Special Airport Facility Revenue Bonds (2001 Airis JFK I, LLC Project at JFK International Airport), Series 2001A, the proceeds of which were used to finance the construction and equipping of two air cargo facilities located at John F. Kennedy International Airport in Queens, New York (the “*JFK Facilities*”), which JFK Facilities are leased to and operated by Aero JFK, LLC, a Delaware limited liability company (the “*JFK Member*”) and a Member of the Obligated Group, (ii) fund a debt service reserve fund under the NYC IDA Indenture, and (iii) pay certain costs of issuance of the Series 2012A NYC IDA Bonds. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – OBLIGATED GROUP PLAN OF FINANCE” and “PART III – OFFICIAL STATEMENT FOR THE SERIES 2012A NYC IDA BONDS – PURPOSE OF ISSUE AND PLAN OF FINANCE.”

The Series 2012B PFA Bonds will be issued to (i) refund certain outstanding municipal bonds, the proceeds of which were used to finance the costs of acquiring, renovating, rehabilitating and improving fee and leasehold improvements to certain air cargo facilities located throughout the United States (the “*PFA Facilities*,” and, together with the JFK Facilities, the “*Facilities*” as described in “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – THE FACILITIES, MANAGEMENT AND THE TENANTS” herein), all owned by certain Members of the Obligated Group, as described in “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – THE OBLIGATED GROUP AND THE GROUP REPRESENTATIVE” herein (each a “*PFA Member*,” and, together, the “*PFA Members*,” and, collectively with the JFK Member, the other Initial Members (as defined herein) and any Additional Members (as defined herein), the “*TriPs Obligated Group*” or the “*Obligated Group*” or the “*Members*”), (ii) fund a debt service reserve fund under the PFA Indenture and (iii) pay certain costs of issuance of the Series 2012 PFA Bonds. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – OBLIGATED GROUP PLAN OF FINANCE” and “PART IV – OFFICIAL STATEMENT FOR THE

SERIES 2012B PFA BONDS – PURPOSE OF ISSUE AND PLAN OF FINANCE.”

Certain of the bond issues to be refunded with the Series 2012 PFA Bonds are not currently subject to redemption and, to accomplish the refunding, a portion of the proceeds of the Series 2012 PFA Bonds will also be used to purchase all or a portion of such bond issues, pursuant to an Invitation to Tender made by the members of Cargo Acquisition Companies, LLC Obligated Group dated August 3, 2012 (the “*Invitation to Tender*”). See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – OBLIGATED GROUP PLAN OF FINANCE” herein.

The Obligated Group	<p>The Members listed in “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – THE OBLIGATED GROUP AND THE GROUP REPRESENTATIVE – The Initial Members and Facilities” herein (the “<i>Initial Members</i>”), together with TrIPs, will, contemporaneously with the issuance of the Series 2012 Bonds, form the Obligated Group. The Obligated Group is initially comprised of TrIPs and a group of thirty-eight (38) affiliated entities, all of the ownership interests of which will, contemporaneously with the issuance of the Offered Bonds, be transferred to TrIPs. CalEast, the purchaser of the Non-Offered Bonds, will, contemporaneously with the issuance of the Offered Bonds, own an approximately 99% interest in TrIPs through two (2) affiliated subsidiaries. Each Member of the Obligated Group has agreed to be jointly and severally liable on the Obligations of all Members issued pursuant to the Master Trust Indenture (Security Agreement), dated as of September 1, 2012, as supplemented by a First Supplemental Master Trust Indenture, dated as of September 1, 2012 (together, the “<i>Master Indenture</i>”), among the Initial Members (including TrIPs) and Wells Fargo Bank, National Association, as Master Trustee (the “<i>Master Trustee</i>”). See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – COMMON SECURITY FOR OBLIGATED GROUP.” Each of the Initial Members owns, or has entered into one or more long-term Ground Lease(s) with municipal entities for the lease of, certain airport property upon which such Members have acquired or constructed certain air cargo handling facilities. The Initial Members lease or own air cargo handling facilities at twenty-five (25) airports across the United States, aggregating approximately 6.3 million square feet of building space and approximately 4.4 million square feet of airport ramp space. The Initial Members have leased or subleased each of their respective air cargo handling facilities to one or more tenants (the “<i>Tenants</i>”) who will use all or a portion of such Facilities to conduct air freight or air cargo operations, or other aviation-related businesses or other businesses permitted under the respective Ground Leases. The only source of revenue of the Obligated Group is rentals received from such Tenants. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – THE FACILITIES, MANAGEMENT AND THE TENANTS.”</p>
Security for the Offered Bonds	<p>The Series 2012A NYC IDA Bonds will be payable from installment purchase payments made by the JFK Member to the NYC IDA pursuant to an Installment Sale Agreement and Assignment of Lease dated as of September 1, 2012 (the “<i>NYC IDA Installment Sale Agreement</i>”) between the NYC IDA and the JFK Member. Payments under the NYC IDA Installment Sale Agreement will be directed to be made by the Master Trustee to the NYC IDA Trustee (defined</p>

below) from funds deposited by the Obligated Group in the Master Indenture. The NYC IDA’s rights under the NYC IDA Installment Sale Agreement (except for certain rights reserved to the NYC IDA, which reserved rights may be enforced by the NYC IDA and/or the NYC IDA Trustee, jointly or severally, as defined below) will be assigned by the NYC IDA to The Bank of New York Mellon, as Trustee for the Series 2012A NYC IDA Bonds (the “*NYC IDA Trustee*”) pursuant to an Indenture of Trust dated as of September 1, 2012 (the “*NYC IDA Indenture*”) between the NYC IDA and the NYC IDA Trustee. To secure its special limited revenue obligation to pay the principal or Redemption Price of, if applicable, Sinking Fund Installments, and interest on the Series 2012A NYC IDA Bonds, the NYC IDA will further assign and pledge to the NYC IDA Trustee, and grant a security interest in, the funds created by the NYC IDA Indenture, and all revenues, payments, receipts and moneys to be received and held thereunder. See “PART III – OFFICIAL STATEMENT FOR THE SERIES 2012A NYC IDA BONDS.”

The Series 2012 PFA Bonds will be payable from loan payments made jointly and severally by the PFA Members to the Authority pursuant to a single Loan and Security Agreement dated as of September 1, 2012 (the “*PFA Loan Agreement*”) between the Authority and each of the PFA Members. Payments under the PFA Loan Agreement will be directed to be made by the Master Trustee to the PFA Trustee (defined below) from funds deposited by the Obligated Group in the Master Indenture. The Authority’s rights under the PFA Loan Agreement (except for certain rights reserved to the Authority) will be assigned by the Authority to Wells Fargo Bank, National Association as bond trustee for the Series 2012 PFA Bonds (the “*PFA Trustee*,” and, together with the NYC IDA Trustee, the “*Bond Trustees*”) pursuant to a Trust Indenture dated as of September 1, 2012 (the “*PFA Indenture*,” and, together with the NYC IDA Indenture, the “*Indentures*”) between the Authority and the PFA Trustee. To secure its limited obligation to pay the principal or Redemption Price of, if applicable, Sinking Fund Installments, and interest on the Series 2012B PFA Bonds, the Authority will assign and pledge to the PFA Trustee, and grant a security interest in, the funds created by the PFA Indenture (other than the Rebate Fund), all of the Authority’s right, title and interest in the trust estate established under the PFA Indenture including, without limitation, all of the PFA’s right, title and interest in the PFA Loan Agreement (except for certain rights reserved to the Authority) and all revenues, payments, receipts and moneys to be received and held thereunder. See “PART IV – OFFICIAL STATEMENT FOR THE SERIES 2012B PFA BONDS.”

The Senior Notes

The obligations of the JFK Member under the NYC IDA Installment Sale Agreement will be secured by Senior Master Trust Indenture Promissory Note, Series 2012-1 (the “*Senior Note No. 1*”) in favor of the NYC IDA Trustee. The obligations of the PFA Members under the PFA Loan Agreement with respect to the Series 2012B PFA Bonds, the Series 2012C PFA Bonds and the Series 2012E PFA Bonds (collectively, the “*Series 2012 PFA Senior Bonds*”) will be secured by three separate Senior Master Trust Indenture Promissory Notes, Series 2012-2, Series 2012-3 and Series 2012-4, respectively (the “*Senior Note No. 2*,” the “*Senior Note No. 3*” and the “*Senior Note No. 4*,” respectively, and together with the Senior Note No. 1, the “*Senior Notes*”), and the obligations of the PFA Members under the PFA Loan Agreement with respect to the Series 2012D PFA Bonds and the Series 2012F PFA Bonds (collectively, the “*Series 2012 PFA Subordinate Class B Bonds*”) will be secured by two separate Subordinate Class B Master Trust Indenture Promissory Notes, Series 2012-1 and Series 2012-2, respectively (the “*Subordinate Class B Note No. 1*” and the “*Subordinate Class B Note No. 2*,” respectively, and collectively, the

“*Subordinate Class B Notes*”), all in favor of the PFA Trustee. The Senior Notes and the Subordinate Class B Notes will be dated the date of issue of the Offered Bonds and issued simultaneously with the Series 2012 Bonds by the Obligated Group under the Master Indenture. Each of the Members of the Obligated Group will be jointly and severally liable on all obligations issued under the Master Indenture, including the Senior Notes and the Subordinate Class B Notes.

The four Senior Notes securing the Series 2012 Senior Bonds will be payable and secured as Senior Obligations of the Obligated Group under the Master Indenture. The two Subordinate Class B Notes securing the Series 2012 Subordinate Class B Bonds will be payable and secured as Subordinate Class B Obligations of the Obligated Group under the Master Indenture. The Senior Notes will be senior in lien and payment to the Subordinate Class B Notes. The Series 2012 Senior Bonds will be the first four series of Senior Bonds secured under the Master Indenture. The Series 2012 Subordinate Class B Bonds will be the first two series of Subordinate Class B Bonds secured under the Master Indenture. Although the Master Indenture permits the issuance of Subordinate Class A Obligations (which would be subordinate to Senior Obligations, but senior to Subordinate Class B Obligations), there will be no Subordinate Class A Notes issued in conjunction with the issuance of the Series 2012 Bonds and none are outstanding currently. All Obligations issued under the Master Indenture are joint and several obligations of all Members of the Obligated Group. **The payment obligations of the Obligated Group with respect to all of the Offered Bonds will be secured as Senior Obligations. The Senior Notes constitute Senior Obligations under the Master Indenture.** The Master Indenture permits the issuance by the Members of additional Senior Obligations, Subordinate Class A Obligations and additional Subordinate Class B Obligations under the Master Indenture. The ability of the Members to either (i) incur obligations outside of the Master Indenture or (ii) issue Obligations under the Master Indenture, is restricted. The Obligated Group is also issuing two Subordinate Class B Obligations in the form of indemnity agreements (the “*Indemnity Obligations*”), one to the NYC IDA and one to the Authority (collectively, the “*Indemnitees*”). Neither of the Indemnity Obligations will have a principal amount or accrue interest unless and until an amount is owed thereunder. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – COMMON SECURITY FOR OBLIGATED GROUP.”

Mortgages	The Obligations of the Members, including the JFK Member and the PFA Members, under the Master Indenture are secured by certain mortgages, deeds of trust, leasehold mortgages or leasehold deeds of trust, as applicable, on all or a portion of certain Member’s fee or leasehold interest in its Facility, from such Members to the Master Trustee (each a “ <i>Mortgage</i> ” and, collectively, the “ <i>Mortgages</i> ”). See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – THE OBLIGATED GROUP AND THE GROUP REPRESENTATIVE – The Initial Members and the Facilities” and “– COMMON SECURITY FOR OBLIGATED GROUP – Mortgages” herein.
Gross Revenue Pledge	In order to secure their obligations under the Senior Notes, Subordinate Notes and any Additional Obligations (as defined in the Master Indenture) issued pursuant to the Master Indenture, the Members of the Obligated Group will assign and pledge to the Master Trustee, and with respect to the Senior Notes and any and all other Senior Obligations to be issued under the Master Indenture, will grant a first priority security interest with respect thereto, to the

Master Trustee in all Funds held under the Master Indenture (other than the Rebate Fund), and all right, title and interest in the Gross Revenues of the Obligated Group. The Master Indenture requires that Gross Revenues of the Obligated Group (**other than amounts to be paid or which have accrued that month under each of the Ground Leases (as hereinafter defined)**) be deposited with the Master Trustee to be applied as provided in the Master Indenture on or before the 15th day of each month for the payment of, among of other things, operation and maintenance expenses of the Members, debt service on Outstanding Obligations and deposits to certain reserve funds. Although the Master Trustee has a pledge of all Gross Revenues (including, without limitation, amounts needed to pay rent under any Ground Lease), the Ground Lease rentals are paid by the Members directly to the ground lessors to avoid any delays that might occur as a result of multiple transfers between the parties. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – COMMON SECURITY FOR OBLIGATED GROUP – Master Indenture – Gross Revenue Pledge.”

THE SENIOR NOTES WILL CONSTITUTE THE JOINT AND SEVERAL OBLIGATIONS OF EACH MEMBER OF THE OBLIGATED GROUP UNDER THE MASTER INDENTURE. GROSS REVENUES OF THE OBLIGATED GROUP DEPOSITED PURSUANT TO THE MASTER INDENTURE WILL BE APPLIED TO SATISFY PAYMENT OF ALL SENIOR OBLIGATIONS, ON A PARITY BASIS, INCLUDING, WITHOUT LIMITATION, SENIOR NOTE NO. 1, SENIOR NOTE NO. 2, SENIOR NOTE NO. 3 AND SENIOR NOTE NO. 4. HOWEVER, (A) FAILURE BY ANY MEMBER TO SATISFY ITS PAYMENT OBLIGATIONS UNDER THE NYC IDA INSTALLMENT SALE AGREEMENT OR THE PFA LOAN AGREEMENT, AS APPLICABLE (THE NYC IDA INSTALLMENT SALE AGREEMENT AND THE PFA LOAN AGREEMENT ARE SOMETIMES COLLECTIVELY REFERRED TO HEREIN AS THE “*FINANCING AGREEMENTS*”), (B) THE OCCURRENCE OF AN EVENT OF DEFAULT UNDER EITHER FINANCING AGREEMENT OR A RELATED MORTGAGE, OR (C) THE OCCURRENCE OF AN EVENT OF DEFAULT UNDER THE RELATED INDENTURE, WILL CONSTITUTE AN EVENT OF DEFAULT UNDER THE MASTER INDENTURE AND UNDER EACH OF THE FINANCING AGREEMENTS, MORTGAGES AND INDENTURES, WHICH MAY RESULT IN ACCELERATION OF ALL OR A PORTION OF THE OFFERED BONDS.

Debt Service Reserve Fund..... At the time of issuance of the Series 2012A NYC IDA Bonds, the NYC IDA Trustee will deposit into the Debt Service Reserve Fund established with respect to the Series 2012A NYC IDA Bonds, an amount equal to the Debt Service Reserve Fund Requirement (as defined below) with respect to the Series 2012A NYC IDA Bonds. At the time of issuance of the Series 2012 PFA Senior Bonds, the PFA Trustee will deposit into the Debt Service Reserve Fund established with respect to the Series 2012 PFA Senior Bonds, an amount equal to the Debt Service Reserve Fund Requirement with respect to the Series 2012 PFA Senior Bonds. At the time of issuance of the Series 2012 PFA Subordinate Class B Bonds, the PFA Trustee will deposit into the Debt Service Reserve Fund established with respect to the Series 2012 PFA Subordinate Class B Bonds, an amount equal to the debt service reserve fund requirement with respect to the Series 2012 PFA Subordinate Class B Bonds (being fifty percent (50%) of the maximum annual debt service for the Series 2012 PFA Subordinate Class B Bonds). The “*Debt Service Reserve Fund Requirement*” shall mean separately, with respect to the Series 2012A NYC IDA Bonds and the Series 2012 PFA

Senior Bonds, as of any particular date of computation, an amount (which amount may take the form of cash, Qualified Investments or any combination thereof) equal to fifty percent (50%) (or one hundred percent (100%) upon receipt by the Bond Trustee of a Notice of Reserve Fund Increase until receipt by the Bond Trustee of a Notice of Reserve Fund Decrease) of the maximum annual debt service requirements for the applicable series of the Series 2012 Bonds, but in no event greater than the least of: (i) ten percent (10%) of the net proceeds of the applicable series of the Series 2012 Bonds; (ii) one hundred percent (100%) of the greatest amount required in the then current or any future calendar year to pay the sum of the scheduled principal and interest payable on the Outstanding applicable series of the Series 2012 Bonds; or (iii) one hundred twenty-five percent (125%) of the average annual amount required in the then current or any future calendar year to pay the sum of scheduled principal and interest on the Outstanding applicable series of the Series 2012 Bonds. A Notice of Reserve Fund Increase is required to be delivered if the Senior Debt Service Coverage Ratio or the Projected Senior Debt Service Coverage Ratio has been below 1.30 for eight consecutive fiscal quarters. Following delivery of a Notice of Reserve Fund Increase, if the Senior Debt Service Coverage Ratio and the Projected Senior Debt Service Coverage Ratio has been above 1.30 for twenty (20) consecutive fiscal quarters, a Notice of Reserve Fund Decrease shall be delivered and the Debt Service Reserve Fund Requirement shall revert to an amount equal to fifty percent (50%) of the maximum annual debt service requirements for the applicable series of the Series 2012 Bonds, subject again to clauses (i), (ii) and (iii) of the second immediately preceding sentence. See “PART III – OFFICIAL STATEMENT FOR THE SERIES 2012A NYC IDA BONDS – Security and Sources of Payment for the Series 2012A NYC IDA Bonds” and “PART IV – OFFICIAL STATEMENT FOR THE SERIES 2012B PFA BONDS – Limited Obligations, Pledge of Trust Estate; Certain Funds Held by the PFA Trustee.”

Pledge of Ownership Interests.. The Offered Bonds will also be secured by a pledge by TrIPs to the Master Trustee of its ownership interest in each of the Initial Members and a pledge by CalEast CAC, LLC to the Master Trustee of its ownership interest in TrIPs.

Additional Bonds/Additional Obligations

Each of the NYC IDA Indenture and the PFA Indenture provide that additional bonds ranking on a parity with the respective Series 2012A NYC IDA Bonds or the Series 2012B PFA Bonds may be issued upon satisfaction of certain conditions set forth in such Indenture. The PFA Indenture also provides that additional bonds subordinate to the Series 2012B PFA Bonds, including Subordinate Class A Bonds (of which none are being issued in conjunction with the Series 2012 Bonds and none are currently Outstanding) and Subordinate Class B Bonds, such as the Series 2012 Subordinate Class B Bonds (and any additional bonds ranking on a parity thereto), may be issued upon satisfaction of certain conditions set forth in such Indenture. Such additional bonds may be issued without Bondholders’ consent upon satisfaction of the conditions of the applicable Indentures and the Master Indenture with respect to such additional bonds and the issuance of additional Notes or other Obligations under the Master Indenture to secure the same. Moreover, additional Obligations may be issued under the Master Indenture to provide proceeds to the Members of the Obligated Group to finance additional projects in accordance with the provisions of the Master Indenture. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – COMMON SECURITY FOR OBLIGATED GROUP – Additional Bonds/Additional Obligations.”

Tenants and Leases..... Each Member of the Obligated Group has leased or subleased its Facilities to one or more tenants or sub-tenants (a “*Tenant*” or “*Tenants*”), who will use all or a portion of such Facilities to conduct freight or air cargo operations, or other aviation-related businesses, or other businesses permitted under the ground leases and will pay rent and other lease charges to such Member pursuant to a lease or sublease (each such existing or future lease or sublease, a “*Tenant Lease*” and collectively, the “*Tenant Leases*”). **Such rents and other lease charges constitute the only source of revenue of the Members.** Each such Member’s interest in its respective Tenant Lease(s) in those portions of the Facilities covered by the Mortgages, along with its leasehold interest in such applicable Facilities, will be collaterally assigned to the Master Trustee and will be security for the Members’ Obligations issued under the Master Indenture which secure the Offered Bonds. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – THE FACILITIES, MANAGEMENT AND THE TENANTS.”

THE VARIOUS TENANTS OF THE FACILITIES LEASED OR SUBLEASED BY THE MEMBERS OF THE OBLIGATED GROUP DO NOT HAVE, AND WILL NOT HAVE, ANY OBLIGATION TO MAKE ANY PAYMENTS WITH RESPECT TO THE OFFERED BONDS, AND ARE OBLIGATED ONLY TO PAY RENT UNDER THEIR RESPECTIVE TENANT LEASES.

NO FINANCIAL OR OTHER CREDIT INFORMATION HAS BEEN INCLUDED IN THIS OFFERING STATEMENT WITH RESPECT TO THE TENANTS.

Consultant Reports..... CBRE (the “*Real Estate Consultant*”) has prepared for the Obligated Group a report entitled “Aeroterm U.S. Portfolio Market Assessment and Roll-Up” (the “*CBRE Independent Consultant Report*”). Landrum & Brown (the “*Air Cargo Consultant*”) has prepared for the Obligated Group a report entitled “Preparation of an Air Cargo Overview for a Tax-Exempt Bond Offering” (the “*Landrum & Brown Independent Consultant Report*” and, together with the CBRE Independent Consultant Report, the “*Consultant Reports*”). Copies of the Consultant Reports are attached hereto as “PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX A – CBRE INDEPENDENT CONSULTANT REPORT” and “– APPENDIX B – LANDRUM & BROWN INDEPENDENT CONSULTANT REPORT” respectively, of this Offering Statement. Each Consultant Report should be read in its entirety for a full understanding of each of the Real Estate Consultant’s and the Air Cargo Consultant’s analysis and the basis for their respective conclusions. **None of the NYC IDA, the Authority, or the Underwriters make any representation or warranty as to the correctness or completeness of either Consultant Report or the conclusions set forth therein.**

Financial Statements..... The Obligated Group will be formed in conjunction with the issuance of the Offered Bonds and as such, no financial statements currently exist with respect to the Obligated Group. However, financial information with respect to the Initial Members is included within the consolidated financial statements of Cargo Acquisition Company, LLC, a Delaware limited liability company (“*CAC*”) which, prior to the issuance of the Series 2012 Bonds, owned, directly or indirectly, all of the ownership interests in each of the Initial Members of the Obligated Group. The consolidated financial statements of CAC for fiscal years

ended June 30, 2009, June 30, 2010 and June 30, 2011, as well as unaudited financial information of CAC for the fiscal quarter ended March 31, 2012, are included in “PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX G – FINANCIAL STATEMENTS OF CARGO ACQUISITION COMPANY, LLC AND INDEPENDENT AUDITORS’ REPORT FOR FISCAL YEARS ENDED JUNE 30, 2009, 2010 AND 2011; UNAUDITED FINANCIAL INFORMATION THROUGH THE FISCAL QUARTER ENDED MARCH 31, 2012” of this Offering Statement.

On or prior to the issuance of the Series 2012 Senior Bonds, CAC will transfer its ownership interests in the Initial Members to TrIPs. In addition to all of the financial information relating to the Initial Members, the CAC financial statements for the fiscal year ending June 30, 2009 included a combined net loss derived from CAC administrative divisions, Aero Austin, LP, Aero Miami FX, LLC, Aero Nashville, LLC, and Aero Miami III of (\$2,917,172) out of the total net loss for CAC of (\$67,295,892). None of these entities will be included as Initial Members of the Obligated Group.

In addition to all of the financial information relating to the Initial Members, the CAC financial statements for the fiscal year ending June 30, 2010 include a combined net loss derived from CAC administrative divisions, Aero Austin, LP, Aero Miami FX, LLC, Aero Nashville, LLC, and Aero St Louis, LLC of (\$1,007,830) out of the total net loss for CAC of (\$31,517,637). None of these entities will be included as Initial Members of the Obligated Group.

In addition to all of the financial information relating to the Initial Members, the CAC financial statements for the fiscal year ending June 30, 2011 include a combined net loss derived from CAC administrative divisions, Aero Austin, LP, Aero Miami FX, LLC, Aero Nashville, LLC, and Aero St Louis, LLC of (\$4,144,671) out of the total net loss for CAC of (\$35,223,264). None of these entities will be included as Initial Members of the Obligated Group.

Certain Risk Factors A number of risks that could affect the payments to be made with respect to the Offered Bonds and/or the market value or liquidity of the Offered Bonds are described in this Offering Statement. Risks include, but are not limited to, Ground Lease termination risk, Tenant Lease renewal risk, taxation of interest on the Series 2012 Bonds, risks associated with the air cargo industry, failure to attract tenants to the Facilities, the risk that actual results and rental revenues actually collected differ from those assumed or projected in the Consultant Reports, the risk that the operating and maintenance expenses actually incurred differ from those assumed or projected, and others. Such risks are not intended to be a complete enumeration of all risks associated with the purchase or holding of the Offered Bonds. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – CERTAIN RISK FACTORS” herein for a discussion of some of the risks that could affect the market value or liquidity of the Offered Bonds.

Limitations of Sources of Repayment THE MEMBERS OF THE OBLIGATED GROUP HAVE NO SIGNIFICANT ASSETS OTHER THAN FEE OR LEASEHOLD INTERESTS IN CERTAIN FACILITIES, THE GROUND LEASES IN CERTAIN FACILITIES AND THE TENANT LEASES, AND PAYMENT OF THE OFFERED BONDS IS THEREFORE DEPENDENT UPON REVENUES GENERATED BY THE TENANT LEASES. ALTHOUGH SUBJECT TO EXTENSION AT THE OPTION OF THE APPLICABLE MEMBER, THE STATED LEASE TERMS

OF ALL OF THE CURRENT TENANT LEASES EXPIRE PRIOR TO THE FINAL MATURITY DATE OF EITHER SERIES OF THE OFFERED BONDS. PROSPECTIVE INVESTORS SHOULD READ THE SECTION ENTITLED “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – CERTAIN RISK FACTORS” FOR A DESCRIPTION OF CERTAIN RISKS WHICH MAY AFFECT THE ABILITY OF THE OBLIGATED GROUP TO GENERATE SUCH REVENUES.

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**PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE
SERIES 2012 PFA BONDS****CERTAIN RISK FACTORS****General**

Purchase of the Offered Bonds involves certain significant risks. This section discusses certain risks associated with the Offered Bonds but is not intended to be a dispositive, comprehensive or definitive listing of all risks associated with respect to the Facilities, the repayment of the Offered Bonds or the purchase and ownership of the Offered Bonds. The risks and uncertainties described herein are not intended to be, nor can they be, a complete recitation of the risks and uncertainties involved in the purchase and ownership of the Offered Bonds. Additional risks and uncertainties not presently known, or currently believed to be immaterial, may also materially and adversely affect the payment of the Offered Bonds. This section should be read in conjunction with the rest of this Offering Statement, including all Parts and the Appendices hereto.

This Offering Statement contains statements relating to future events that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Offering Statement, the words “estimate”, “intend”, “anticipate”, “expect”, “assume” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events or circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results; those differences could be material.

Limited Recourse Transaction

The Offered Bonds are part of a project-based refinancing and the ability of the Obligated Group to repay the Offered Bonds is dependent on appropriate levels of tenancy at the Facilities. Timely payment on all the Offered Bonds depends on the overall performance of the Facilities and of the Obligated Group, as a whole. Gross Revenues generated by the Facilities constitute the sole source of payment for the Obligated Group in respect of its payment obligations under the Financing Agreements. No person or institution will be providing credit support to the payment of debt service on any of the Offered Bonds.

The Offered Bonds May Not Be a Suitable Investment

The Offered Bonds are not suitable investments for all investors. In particular, an investor should not purchase any Offered Bonds unless it understands and is able to bear the prepayment, payment, credit, liquidity and market risks associated with the Offered Bonds. For those reasons and for the reasons set forth in this Section “CERTAIN RISK FACTORS,” the yield to maturity and the aggregate amount and timing of payments on the Offered Bonds will be subject to material variability from period to period and over the life of the Offered Bonds. The interaction of the foregoing factors and their effects will be impossible to predict and are likely to change from time to time.

Payment is Dependent Upon Gross Revenues From the Facilities

The Obligations of the Obligated Group with respect to the Offered Bonds are secured by the Gross Revenues derived from the Facilities which constitute income-producing commercial property. Loans related to commercial properties are generally thought to expose a lender to greater risks because they typically involve larger loans to a single borrower or groups of related borrowers.

The repayment of a commercial loan is typically dependent upon the ability of the related mortgaged property and, in the case of the Offered Bonds, the Facilities, to produce cash flow through the collection of rents. Even the liquidation value of a commercial property (including the Facilities) is determined, in substantial part, by the capitalization of the property’s cash flow. However, net operating income can be volatile and may be insufficient to cover debt service at any given time.

The net operating income and property value of a property, such as any of the Facilities, may be adversely affected by a large number of factors. Some of these factors relate to the property itself, which include, but are not limited to:

- the age, design and construction quality of the property;
- perceptions regarding the safety, convenience and attractiveness of the property;
- the proximity and attractiveness of competing properties;
- the adequacy of the property's management and maintenance;
- increases in interest rates, real estate taxes and other operating expenses (including costs of energy) at the property and in relation to competing properties;
- an increase in the capital expenditures needed to maintain the property or make improvements;
- dependence upon a single tenant, or a concentration of tenants, in a particular business or industry;
- a decline in the financial condition or bankruptcy of a major tenant;
- competitive conditions which may affect the ability of a borrower to obtain or maintain full occupancy of a property;
- an increase in vacancy rates; and
- a decline in rental rates as leases are renewed or entered into with new tenants.

Other factors are more general in nature, such as:

- national, regional or local economic conditions, including unemployment rates;
- local real estate conditions, such as an oversupply of competing properties;
- demographic factors;
- consumer confidence;
- consumer tastes and preferences;
- zoning laws or other governmental rules and policies (including environmental restrictions);
- retroactive changes in building codes;
- changes or continued weakness in specific industry segments;
- the public perception of safety for customers and clients;
- inflation; and
- civil disorder, acts of war or of terrorists, acts of God, such as floods or earthquakes, and other factors beyond the control of a borrower.

The volatility of net operating income will be influenced by many of the foregoing factors, including, but not limited to:

- the length of ground leases and any CPI-based adjustments provided for therein;
- the length of tenant leases, and the ability of a tenant to terminate a lease early;
- the creditworthiness of tenants;
- tenant defaults;
- the rate at which new rentals occur; and
- the property's "operating margin" which is generally the percentage of total property expenses in relation to revenue, the ratio of fixed operating expenses to those that vary with revenues, and the level of capital expenditures required to maintain the property and to retain or replace tenants.

Existing Defaults Relating to Bonds Being Refinanced for Aero Newark, LLC and Aero Miami I, LLC

Bonds issued for the benefit of Aero Miami I, LLC and Aero Newark, LLC are currently in default. These defaulted bonds are expected to be refunded with a portion of the proceeds of the Series 2012 PFA Bonds. Each of these bond issues currently in default was issued as variable rate demand bonds insured by Ambac Assurance Corporation ("*Ambac*") with a standby liquidity facility provided by a bank: Bayerische Landesbank, New York Branch (f/k/a Bayerische Landesbank Girozentrale, acting by and through its New York Branch) ("*BLB*"), in the case of Aero Miami I, LLC, and KBC Bank N.V., acting through its New York Branch ("*KBC*" and together with BLB, the "*Liquidity Providers*"), in the case of Aero Newark, LLC. All of such bonds were also hedged by a floating to fixed rate swap with an affiliate of Ambac, Ambac Financial Services, L.P. ("*AFS*"). Both the fixed and floating payments under the swaps were additionally insured by Ambac.

In September 2008, during the liquidity crisis, there was a failed remarketing of the bonds issued for the benefit of Aero Newark, LLC (the "*Newark Bonds*"), and KBC was required to purchase all of the bonds under its standby liquidity facility. These bonds became bank bonds and Aero Newark, LLC was required to repay the liquidity facility debt used to buy such bonds on an accelerated schedule compared to the bond debt service schedule. The revenues of the Aero Newark, LLC Facility were insufficient for repayment of the debt on such accelerated schedule. Commencing in February 2009, Aero Newark, LLC drew on certain reserves held under the related bond indenture to fund the accelerated debt service and could not replenish the same. In December 2009, the trustee for the bond issue declared an event of default under the related bond indenture as a result of such nonreplenishment. The bond insurance policy from Ambac was called upon to fund the accelerated debt service payments owing to KBC commencing in January 2010. In addition, in November 2010, Ambac's rating was withdrawn, which also was an event of default under the related bond documents. The Newark Bonds remain in default.

Similarly, in October 2008, there was a failed remarketing of the bonds issued for the benefit of Aero Miami I, LLC (the "*Miami I Bonds*"), and BLB was required to purchase all of the bonds under its standby liquidity facility. The bonds became bank bonds and became payable on an accelerated schedule. The revenues of the Aero Miami I, LLC Facility were insufficient to repay the bank bonds on such accelerated schedule. Commencing in January of 2009, Aero Miami I, LLC drew on certain reserves held under the related bond indenture to fund the accelerated debt service and could not replenish the same. In October of 2009, the trustee for the bond issue declared an event of default as a result of such nonreplenishment. The bond insurance policy from Ambac was called on to fund accelerated debt service payments owing to BLB commencing in October 2009. As with the Newark Bonds, in November 2010, Ambac's rating was withdrawn, which also was an event of default under the related bond documents. The Miami I Bonds remain in default.

Ambac also insures the fixed rate bonds that financed the Aero Miami II, LLC Facility (the "*Miami II Bonds*"). The Miami II Bonds are not in payment default but are currently subject to optional redemption.

In connection with the issuance and delivery of the Series 2012 PFA Bonds, the Liquidity Providers will be paid off and the respective bonds currently in default will be redeemed and/or canceled. Aero Miami I, LLC, Aero

Miami II, LLC and Aero Newark, LLC have entered into a Settlement Agreement with Ambac and AFS pursuant to which it is intended that all of the claims of Ambac and AFS with respect to their various insurance policies and other interests in the Aero Miami I, LLC, Aero Miami II, LLC and Aero Newark, LLC transactions will be contemporaneously released upon satisfaction of certain commercially reasonable preconditions that the parties believe will be met. However, if these preconditions are not met or waived prior to the issuance of the Offered Bonds, the settlement may not be accomplished, and the bonds currently in default (the proceeds of which financed the Facilities of Aero Newark, LLC, Aero Miami I, LLC and Aero Miami II, LLC) may not be able to be refunded, in which event these three entities would not become Members of the Obligated Group and the planned issuance of the Offered Bonds would then likely be delayed or cancelled.

Expectations as to Gross Revenues May Not Represent Future Net Cash Flow

The Obligated Group expects that the Gross Revenues of the Obligated Group derived from operations at the Facilities will be sufficient to pay the amounts due under the Financing Agreements and therefore the principal of and interest on the Series 2012 Bonds. This expectation is based upon an analysis of many factors including, but not limited to, current market conditions, evaluations of the existing condition of the Facilities, estimates of transaction costs and operating expenses, state and federal laws, and the occurrence of future events and conditions. There can be no assurance that these assumptions are accurate. Furthermore, future events, over some of which the Obligated Group has no control, may adversely affect the actual receipt of Gross Revenues from operation of the Facilities. If actual receipt of Gross Revenues from the operation of the Facilities or actual expenditures vary significantly from those projected, the Members of the Obligated Group may be unable to pay the amounts due under the Financing Agreements, and therefore the Offered Bonds, when due.

Projected Cash Flows as described in this Offering Statement are inherently speculative. In the event of the failure of any assumptions or projections used in connection with the calculation of Projected Cash Flows, the actual net cash flows could be significantly different from the Projected Cash Flows. No representation is made that the Projected Cash Flows set forth in “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – PROJECTED CASH FLOWS” of this Offering Statement represent future net cash flows. Investors should review these assumptions and make their own determination of the appropriate assumptions to be used in determining Projected Cash Flows.

Value of the Facilities May Be Adversely Affected Even When There Is No Change in Gross Revenues

Various factors may adversely affect the value of the Facilities without affecting the Gross Revenues from the Facilities. These factors include, but are not limited to:

- changes in governmental regulations, fiscal policy, zoning or tax laws;
- potential environmental legislation or liabilities or other legal liabilities;
- convertibility of one or more of the Facilities to an alternative use;
- restrictive covenants;
- Tenant exclusivity and rights of first refusal/offer to lease or purchase; and
- the availability of financing.

Increased Operating Expenses Can Adversely Affect the Amount of Gross Revenues Sufficient for Timely Payment of the Offered Bonds

The operation of one or more of the Facilities could be affected by many factors, including the breakdown or failure of equipment or processes, fuel and energy costs, the interference with proper operations by governmental controls and requirements, labor disputes, catastrophic events including fires, explosions, earthquakes and droughts, changes in law, failure to obtain necessary permits or to meet permit conditions, or similar events. The failure or inability to obtain and maintain proper insurance for such contingencies may impair the ability of the Obligated Group to fund the necessary repairs or other remediations necessary to assure proper continued operations at the Facilities. The occurrence of such events could jeopardize the current leasing or future leasing of the Facilities and

thereby materially impair the receipt of Gross Revenues from operations at the Facilities sufficient for the timely payment of the Offered Bonds.

Risks Arising Under the Ground Leases

All rights of the Obligated Group to use and occupy the Facilities leased to Members of the Obligated Group are created in the Ground Leases applicable to such Facilities. If a Member defaults in its obligations under its Ground Lease, the lessor thereunder has the right to terminate such Member's interest therein. See "PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE GROUND LEASES." In certain instances, the United States Federal Aviation Administration may enforce certain rights pertaining to the Facilities or airport transportation more generally, and the exercise of such powers could materially adversely affect such Member's rights under its Ground Lease, including, without limitation, cause the termination of such Ground Lease. All Ground Leases relating to a particular Facility must remain in effect in order for the Master Trustee to foreclose upon the Mortgage, if any, applicable to such Facility and exercise its rights under such Mortgage. See "PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE GROUND LEASES."

The Ground Leases generally contain detailed provisions regarding procedures that must be followed by the Master Trustee, as leasehold mortgagee thereunder, in order for the rights of the Master Trustee to be exercised under the Ground Leases regarding events of default or termination of the respective Ground Lease. Failure of the Master Trustee to exercise such rights in accordance with the provisions of the particular Ground Lease may result in an inability of the Master Trustee to foreclose on the security afforded by the related Mortgage or result in a failure of the Master Trustee to forestall a termination of the respective Ground Lease (which would eliminate the benefits afforded by the related Mortgage).

TERMINATION OF ANY GROUND LEASE WILL TERMINATE A MEMBER'S LEASEHOLD INTEREST IN SUCH GROUND LEASE AND THE MORTGAGE LIEN OF THE MASTER TRUSTEE IN SUCH LEASEHOLD PURSUANT TO THE APPLICABLE MORTGAGE, IF ANY, AND ANY RIGHTS OF THE MASTER TRUSTEE TO COLLECT RENTS FROM TENANT LEASES PURSUANT TO SUCH MORTGAGE. IN SUCH EVENT, THERE WILL BE NO GROSS REVENUES AVAILABLE FROM THE FACILITY PERTAINING TO SUCH TERMINATED GROUND LEASE TO PAY THE OFFERED BONDS.

The leasehold interests of The Port Authority of New York and New Jersey (the "*Port Authority*") in John F. Kennedy International Airport and Newark Liberty International Airport are held pursuant to overleases with The City of New York and the City of Newark, respectively (each, a "*Port Authority Overlease*"). Termination of a Port Authority Overlease would, by operation of law, terminate the related Ground Lease from the Port Authority to Aero JFK, LLC or Aero Newark, LLC, as applicable, and each mortgage attributable thereto will terminate. A Port Authority Overlease can terminate upon notice from The City of New York or the City of Newark, as applicable, to the Port Authority of the occurrence of certain defaults under a Port Authority Overlease, including a failure by the Port Authority to pay rent under such Port Authority Overlease, and a failure by the Port Authority to cure such default.

Risks Arising Under Tenant Leases

Payment of the Offered Bonds will depend on the ability of the Tenant Leases, both current and future, to generate revenues sufficient in the aggregate to pay debt service on the Offered Bonds after payment of expenses as described under "PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – THE FACILITIES, MANAGEMENT AND THE TENANTS" and "– PROJECTED CASH FLOWS" herein. The ability of the Tenant Leases to generate revenues may be adversely affected by a wide variety of unforeseen or unforeseeable events and conditions, including, without limitation, economic changes affecting the air cargo industry generally, or the airports at which the Facilities are located or the Tenants specifically, which could result in a default under the Tenant Leases or competition from other facilities within or outside the airports where the Facilities are located.

Moreover, the terms of the Tenant Leases do not extend past the final maturity date of either Series of the Offered Bonds. Over 45% of the Tenant Leases expire by the end of 2016. The ability of the Obligated Group to pay the principal or Redemption Price of, if applicable, Sinking Fund Installments, and interest coming due on the

Offered Bonds through their final maturity will depend upon the success of the Obligated Group in renewing current Tenant Leases or in reletting the Facilities. The top twenty (20) Tenants (by square footage leased) of the Facilities represent approximately 80% of all rent collected from the Facilities, and the top three (3) Tenants by total revenue which include Federal Express Corporation (“*FedEx*”), Delta Airlines, Inc. (“*Delta*”) and Lufthansa Cargo AG (“*Lufthansa*”), represent approximately 40% of all rent collected from the Facilities. The loss of one or more of these Tenants would (without a similar tenant or tenants to replace such tenant or tenants) have a material adverse effect on the Obligated Group’s ability to collect rents sufficient to pay the principal or Redemption Price of, if applicable, Sinking Fund Installments, and interest due on the Offered Bonds. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – THE FACILITIES, MANAGEMENT AND THE TENANTS – Major Tenants.”

A Member may default in its obligations under one or more Tenant Leases. Upon the breach by such Member of certain terms, covenants or conditions in a Tenant Lease, the Tenant may, under state law, litigate and seek a termination of such Tenant Lease.

The Tenant Leases are the only source of revenues of the Obligated Group. Failure of any Member to perform its obligations under a Tenant Lease could have a material adverse effect on the Obligated Group’s ability to collect rents sufficient to pay the principal or Redemption Price of, if applicable, Sinking Fund Installments, and interest due on the Offered Bonds.

Bankruptcy of a Major Tenant or Decline in a Major Tenant’s Financial Condition May Result in Losses

Because the top twenty (20) Tenants (by square footage leased) of the Facilities represent approximately 80% of all rent collected from the Facilities, and the top three (3) Tenants (by total revenue), which include FedEx, Delta and Lufthansa, represent approximately 40% of all rent collected from the Facilities, the bankruptcy or insolvency of any Tenant, especially a major Tenant, may have an adverse impact on Gross Revenues produced by the Facilities. A decline in the financial condition of any Tenant, particularly a major Tenant, which results in a default under its Tenant Lease or other adverse circumstances in respect of such Tenant may have a disproportionately greater effect on Gross Revenues than would be the case if rentable space or rental income were distributed among a greater number of Tenants at the Facilities. No assurance can be given as to the creditworthiness of any Tenant or as to whether any such Tenant will perform its obligations under its respective Tenant Lease for the remaining lease term.

Under federal bankruptcy law, a tenant has the option of assuming or rejecting any unexpired lease or, subject to certain conditions, assuming and assigning such unexpired lease to a third party. If the tenant assumes its lease, the tenant must cure all defaults under the lease and provide the landlord with adequate assurance of its future performance under the lease. If the tenant rejects the lease, the landlord’s claim for breach of the lease would be treated as a general unsecured claim against the tenant (absent collateral securing the claim). The landlord’s claim would be limited to the unpaid rent reserved under the lease for the periods prior to the bankruptcy petition (or earlier surrender of the leased premises) that are unrelated to the rejection, plus the greater of one year’s rent or 15% of the remaining reserved rent (but not more than three years’ rent). If the tenant assigns its lease, the tenant is required to cure all defaults under the lease and the proposed assignee must demonstrate adequate assurance of future performance under the lease. Certain of the tenants may be, and may at any time during the term of the Offered Bonds become, a debtor in a bankruptcy proceeding.

No assurance can be given that Tenants in the Facilities will continue making payments under their Tenant Leases or that the Tenants will not file for bankruptcy protection or become subject to a receivership in the future or, if any Tenants so file or enter into receivership, that they will continue to make rental payments in a timely manner or that their Tenant Leases will not be rejected or repudiated. The bankruptcy or receivership of a single Tenant, particularly a large Tenant occupying space at a number of Facilities, could adversely affect a greater portion of the Obligated Group than would the bankruptcy of a Tenant in a Facility leased to several unaffiliated tenants. In addition, a Tenant may, from time to time, experience a downturn in its business, which may weaken its financial condition and result in a reduction of rental payments or failure to make rental payments when due.

Default of One or More Major Tenants May Result in a Material Decline in Gross Revenues and May Result in a Decline in the Value of the Mortgaged Property

In the event of a default by one or more major Tenants in payment of its rent obligations, Gross Revenues from the Facilities may be impaired to a material extent such that payment of principal or Redemption Price of, if

applicable, Sinking Fund Installments, and interest due on the Offered Bonds shall no longer be assured. If the default occurs and no recovery is available from the Obligated Group or the defaulting Tenant, it is unlikely that the Master Trustee will be able to recover in full the amount then due under the Financing Agreements. The value of a Facility occupied by such defaulting Tenant or Tenants will likely be substantially lower following a default by any of the major Tenants under their respective Tenant Leases. No representations are made herein as to the financial condition of any present Tenant at the Facilities or as to the future financial prospects of any such Tenant.

Taxation of Interest on the Offered Bonds

On the date of delivery of and payment for the Offered Bonds, each Bond Counsel will render its opinion with respect to the tax-exempt status of the interest on the applicable series of Offered Bonds, a form of which opinion is set forth as an appendix to the related Official Statement for the applicable series of the Offered Bonds. See “PART III – OFFICIAL STATEMENT FOR THE SERIES 2012A NYC IDA BONDS – Appendix E – Form of Opinion of Bond Counsel” and “PART IV – OFFICIAL STATEMENT FOR THE SERIES 2012B PFA BONDS – Appendix E – Form of Opinion of Bond Counsel” hereof. See also “PART III – OFFICIAL STATEMENT FOR THE SERIES 2012A NYC IDA BONDS – TAX MATTERS” and “PART IV – OFFICIAL STATEMENT FOR THE SERIES 2012B PFA BONDS – TAX MATTERS” hereof.

All Series 2012 PFA Bonds Offered and Placed on the Sale Date of the Offered Bonds May Be A Single Tax Issue. The Series 2012 PFA Bonds offered or placed on the sale date of the Series 2012A NYC IDA Bonds and the Series 2012B PFA Bonds (namely, the Series 2012C PFA Bonds and the Series 2012D PFA Bonds, and collectively with the Offered Bonds, the “*Series 2012 Single Issue Bonds*”) are being issued pursuant to a common plan of financing based on common security and are expected to be paid from Gross Revenues pledged by Members under the Master Indenture. It is, therefore likely, that all of the Series 2012 Single Issue Bonds will be treated as part of the same issue for certain federal income tax purposes. However, as permitted by the federal income tax regulations, each of the NYC IDA and the Authority (collectively, the “*Issuers*” and each an “*Issuer*”) and each Member of the Obligated Group will specify that each Issuer’s Series 2012 Single Issue Bonds are to be treated as an issue separate from each other Issuer’s Series 2012 Single Issue Bonds, for purposes of meeting tax requirements concerning use of the proceeds of the Series 2012 Single Issue Bonds and certain related requirements. In addition, the Authority is specifying a further allocation of the Series 2012B PFA Bonds, the Series 2012C PFA Bonds and the Series 2012D PFA Bonds into subissues by Facility, based on the amount of the Series 2012 Single Issue Bonds properly allocable to the refunding for each Facility refinanced by the Series 2012 Single Issue Bonds (each such subissue, a “*Multi-Purpose Subissue*”) for purposes of meeting the tax requirements concerning use of the proceeds of such Bonds and certain related requirements. Nevertheless, the accuracy of the representations of, and the compliance with the covenants by, each Issuer and each Member may be material to the exclusion from gross income of interest on all Series 2012 Single Issue Bonds. Moreover, for purposes of calculating arbitrage and making rebate payments, all Series 2012 Single Issue Bonds are expected to be treated as a single issue. The Master Trustee is expected to hold all rebatable arbitrage, and the Group Representative will be responsible for making rebate payments. Each Issuer and each Initial Member will (i) certify in connection with the issuance of the Series 2012 Single Issue Bonds that the Series 2012 Single Issue Bonds refinancing its respective Facility or Facilities meet the requirements of the Code on the date of issue, and (ii) covenant that the requirements of the Code will be met as long as such Series 2012 Single Issue Bonds are outstanding. If either of the Issuers should fail to comply with the covenant in its respective financing documents pursuant to which its series of the Series 2012 Single Issue Bonds is issued, or any Initial Member fails to observe the covenants in its respective financing documents, or if the representations made by either such Issuer in connection with the issuance of its Series of the Series 2012 Single Issue Bonds, or by any Initial Member in connection with the issuance of the Series 2012 Single Issue Bonds, should be determined to be inaccurate or incomplete in a material respect, interest on all of the Series 2012 Single Issue Bonds of both Issuers could become taxable from the date of delivery of the Series 2012 Single Issue Bonds, regardless of the date on which the event causing such taxability occurs. Each Bond Counsel opinion relies on, and assumes the accuracy and completeness as of the date of such opinions of, the legal conclusions and factual assumptions set forth in the other Bond Counsel opinion for the respective Issuers and Initial Members.

Upon the occurrence of a Determination of Taxability with respect to any or all of the Series 2012 Single Issue Bonds or one of the separate Multi-Purpose Subissues (*i.e.* the Series 2012A NYC IDA Bonds and each subissue of the Series 2012B PFA Bonds, the Series 2012C PFA Bonds or the Series 2012D PFA Bonds, by Facility), the applicable Member is (or Members are) obligated under the related Financing Agreement to pay to the NYC IDA Trustee or the PFA Trustee, as applicable, an amount sufficient, when added to the amount then available in Funds under such related Indenture and available for such purpose, to retire and redeem all of the Series 2012 Single Issue Bonds, or of a Multi-Purpose Subissue, as applicable, then Outstanding, at the Redemption Price set

forth therein. See “PART III – OFFICIAL STATEMENT FOR THE SERIES 2012A NYC IDA BONDS – THE SERIES 2012A NYC IDA BONDS – Redemption Prior to Maturity – *Mandatory Redemption upon the Occurrence of a Determination of Taxability*” in “PART III” and “PART IV – OFFICIAL STATEMENT FOR THE SERIES 2012A NYC IDA BONDS – THE SERIES 2012B PFA BONDS – Redemption Prior to Maturity – *Mandatory Redemption upon the Occurrence of a Determination of Taxability*.” Since the Obligated Group has no assets other than the Ground Leases and the Tenant Leases, and since the rentals under the Tenant Leases are not subject to acceleration by reason of the occurrence of a Determination of Taxability, there can be no assurance that any Member or the Obligated Group as a whole will be able to pay such amounts in the event that a Determination of Taxability occurs.

IN THE EVENT OF A DETERMINATION OF TAXABILITY, THERE WILL BE NO ADJUSTMENT IN THE INTEREST RATE ON THE OFFERED BONDS AND THE OWNERS WILL NOT BE INDEMNIFIED AGAINST LOSSES SUSTAINED AS A RESULT OF A DETERMINATION THAT THE INTEREST ON THE OFFERED BONDS IS NOT EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. Further, a determination that the interest on the Offered Bonds is includable in gross income of the registered owners may not occur for a substantial period of time after interest first becomes includable in the gross income of the owners thereof for federal income tax purposes. In certain circumstances, the loss of the exclusion of the interest on any Offered Bonds from gross income of the owners thereof for federal income tax purposes could be retroactive to the date of issuance of the Offered Bonds. The tax liability of the owners of any Offered Bonds for failure to include interest on such Offered Bonds in their gross income may extend to years for which interest was received on such Offered Bonds, or some portion thereof, and for which the relevant statute of limitations has not yet run.

Factors Limiting Enforcement or Rights and Realization on Collateral

Upon the occurrence of an Event of Default under the Master Indenture, there can be no assurance that an exercise of remedies by the Master Trustee under the Master Indenture or any Mortgage, including foreclosing on the fee or leasehold interests of the Members under the Ground Leases in the Facilities in a judicial proceeding, will provide sufficient funds to repay all amounts due on the Offered Bonds.

Pursuant to the Mortgages, the Members have granted to the Master Trustee for the benefit of the Holders of the Obligations, among other collateral, a mortgage on their respective leasehold interests under the Ground Leases and their fee interests in the Facilities. However, in many instances, the ability of the Master Trustee to cure defaults and foreclose on any leasehold interest is substantially limited by the respective terms of the related Ground Leases. The Ground Leases provide that the mortgage of the Ground Leases and the rights of the Master Trustee as mortgagee are subject and subordinate to the terms, covenants, conditions and provisions set forth in the Ground Leases. Pursuant to the Ground Leases, the applicable lessor has agreed to accept the making of defaulted payments and performance of defaulted obligations by the Master Trustee to cure any default by the applicable Member(s). However, the Ground Leases impose certain obligations on the Master Trustee if it attempts to cure a default under the Ground Leases, which may impact its decision to take curative action. No assurance can be made that the Master Trustee will be willing or able to meet such obligation (which may involve the advance of significant funds by the Master Trustee and its assumption of the related Member’s obligations under the applicable Ground Lease) to void the termination of such Ground Lease. Additionally, the Ground Leases limit the methods by which the Master Trustee can foreclose, which limitations may impact its ability to obtain sufficient funds to repay all amounts due on the applicable Offered Bonds. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – COMMON SECURITY FOR OBLIGATED GROUP – Mortgages” and “– Payment of Ground Rent/Ground Leases Are Principal Asset”, as well as “PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE GROUND LEASES” and “PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE MORTGAGES.”

The Master Indenture provides that remedial action by the Master Trustee, upon an Event of Default, is to be directed by the majority in principal amount of applicable Holders. “*Holders*,” under the Master Indenture, are the Holders of Obligations issued under the Master Indenture. Initially, other than the Indemnity Obligations issued to secure indemnities to the Issuers, only the Bond Trustees hold Obligations and can direct remedies. The Bond Trustees are, in turn, directed by the applicable owners of Bonds (“*Beneficial Owners*”) in accordance with the related Bond Indentures. While Senior Obligations remain Outstanding, it is the Holders of the majority in principal amount of the Senior Obligations (and the related Beneficial Owners) that would control remedies. See “PART V –

APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – CERTAIN PROVISIONS OF THE MASTER INDENTURE” and “– APPENDIX F – CERTAIN DEFINED TERMS” herein.

An Affiliated Holder, including CalEast, of the Notes issued under the Master Indenture has no right to direct the Master Trustee to declare an event of default under the Master Indenture or direct remedies following an event of default while other Notes are outstanding under the Master Indenture. In addition, a Holder of Subordinate Class B Notes has no right to direct the Master Trustee to declare an event of default under the Master Indenture if Senior Notes are Outstanding thereunder.

The terms of the Ground Leases significantly restrict any subsequent purchasers of the Ground Leases in a foreclosure sale from pledging their interests in the Ground Leases to lenders in connection with the financing of the purchase price. Such restrictions could limit the number of lenders willing to extend credit to such purchasers and could further limit the amount of financing available for such purchase. Accordingly, at a foreclosure sale, the Master Trustee may not be able to realize the full value of the applicable Member’s Ground Lease(s). See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – COMMON SECURITY FOR OBLIGATED GROUP – Payment of Ground Rent/Ground Leases Are Principal Asset” and “PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE GROUND LEASES.”

Certain of the leasehold Mortgages limit the principal amount of Indebtedness secured by such leasehold Mortgage, which amount may be less than the current value of the property. At a foreclosure sale, the Master Trustee may not be able to realize the full value of the applicable Ground Lease.

No Ability to Pay Offered Bonds Upon Mandatory Redemption or Acceleration

In the event the outstanding principal amount of the Offered Bonds should become due and payable, whether by reason of mandatory redemption or acceleration, there can be no assurance that sufficient moneys can be raised to make such payment. Each of the Members was formed for the purpose of developing, constructing, equipping, installing and operating the Facilities as air cargo facilities for lease to the Tenants under the Tenant Leases. The rental payments by the Tenants under the Tenant Leases will be the principal source of repayment of the Offered Bonds and any other indebtedness of the Members. The Members shall not conduct any other activities or own any other significant assets except those related to the operation of the Facilities. As a consequence, payment of the Members’ obligations under the Master Indenture with respect to the Offered Bonds depends upon the availability of sufficient revenues from the Tenant Leases, after payment of amounts due under the Ground Leases and operating expenses. If any Member defaults under the NYC IDA Installment Sale Agreement or the PFA Loan Agreement, as applicable, there can be no assurance that the exercise of remedies under the Master Indenture and Mortgages (including foreclosure upon the collateral) would provide sufficient funds to pay the amounts due under the Offered Bonds.

In the event the principal amount of a series of the Offered Bonds should become accelerated by reason of an Event of Default under the applicable Indenture or a series of the Offered Bonds shall become subject to mandatory redemption in whole, the amount of rentals payable by the Tenants under the Tenant Leases are not subject to increase for such reason, and thereby are unlikely to be sufficient to pay the principal amount of and interest on such series of the Offered Bonds.

Enforceability of Lien on Gross Revenues

The effectiveness of the security interest in the Gross Revenues of the Members of the Obligated Group pursuant to the Master Indenture may be limited by a number of factors, including, but not limited to: (i) statutory liens; (ii) rights arising in favor of the United States of America or any agency thereof; (iii) constructive trusts, equitable or other rights imposed or conferred by a federal or state court in the exercise of its equitable jurisdiction; (iv) federal bankruptcy laws, which may affect the priority of claims against the assets of the Obligated Group and the enforceability of the Master Indenture or the security interest in the Gross Revenues which are earned by any Member of the Obligated Group within ninety (90) days preceding and after any effectual institution of bankruptcy proceedings by or against such Member; (v) rights of third parties in the Obligated Group’s revenues converted to cash and not in the possession of the NYC IDA Trustee, the PFA Trustee or the Master Trustee; and (vi) claims that might gain priority if appropriate financing or continuation statements are not filed in accordance with the applicable state Uniform Commercial Codes as from time to time in effect.

Risks Relating to Enforceability of Cross-Collateralization

Cross-collateralization arrangements involving more than one borrower, such as the cross-collateralization arrangement relating to the Obligated Group, could be challenged as fraudulent conveyances by creditors of a Member of the Obligated Group in an action brought outside a bankruptcy case, or a Member, as a debtor, in a bankruptcy case.

A lien granted by a Member in the Gross Revenues in a Facility or in a Ground Lease could be avoided if a court were to determine that:

- the Member was insolvent when it granted the lien, was rendered insolvent by the granting of the lien, was left with inadequate capital when it allowed its Facility or Facilities to be encumbered by a lien securing the entire indebtedness of the Obligated Group, or was not able to pay its debts as they matured when it granted the lien; or
- the Member did not receive fair consideration or reasonably equivalent value when it allowed its Facility or Facilities to be encumbered by a lien securing the entire indebtedness of the Obligated Group.

Among other things, a legal challenge to the granting of the liens may focus on the benefits realized by that particular Member from the proceeds of the Offered Bonds, as well as the overall cross-collateralization. If a court were to conclude that the granting of the liens was an avoidable fraudulent conveyance, that court could:

- subordinate all or part of the loan made pursuant to a respective Financing Agreement to existing or future indebtedness of that Member;
- recover payments made relative to the Offered Bonds under the respective Financing Agreement; or
- take other actions detrimental to the holders of the Offered Bonds, including, under certain circumstances, invalidating the Financing Agreements, the Master Indenture or the Mortgages securing the cross-collateralization.

Risk Factors Relating to the Air Transportation Industry

The effects of responses of the United States to a series of unforeseeable conditions, including the impact of terrorism, wars, contagious infections (such as severe acute respiratory syndrome or SARS) and any related events could be material and adverse to the Obligated Group. Such effects could include, among other things:

- Decreased demand for air cargo services.
- Slowdown of the economy.
- Increased costs and reduced operations for air cargo service providers due to additional security directives adopted by the Federal Aviation Administration.
- Increased fuel and insurance costs for air cargo service providers.

Cessation of operations of Members on the leased premises or unavailability of other airport facilities, to the extent the leased premises or other airport facilities are required for other uses by the Federal Government.

Each of the above risks related to the air transportation industry could affect the ability of existing Tenants to make payments under their Tenant Leases or reduce the ability of the Obligated Group to attract new Tenants. As stated herein, the Tenant Leases are the only source of revenue of the Obligated Group, and the failure of any Member to collect sufficient rentals on its Facilities could materially adversely affect the Obligated Group's ability to pay debt service on the Offered Bonds. See "PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – OBLIGATED GROUP DEBT SERVICE REQUIREMENTS ON THE SERIES 2012 BONDS."

Factors Affecting the Air Cargo Industry

Payment of the Offered Bonds is dependent upon the ability of the Obligated Group to retain existing Tenants and to attract and retain additional Tenants who will conduct air cargo operations at the airports in the event Tenant Leases are terminated or are not extended past the final maturity date of either Series of the Offered Bonds. Any existing or potential Tenants may be affected by adverse business conditions in the air cargo industry, including market maturity (resulting in smaller possibilities for growth), market trends of "buying local" and "going green", increases of regulation of cargo security, increases in fuel costs, decreases in industry-wide fare levels, changes in international governmental policies and economic slowdown.

The revenues generated from the Tenant Leases are the only source of Obligated Group revenues. There can be no assurance that the efforts of the Members or the Manager would succeed in attracting new Tenants and substitute Tenants, should a Tenant default on its Tenant Lease or decline to extend its Tenant Lease beyond its current term, or that such substitution or extension can be obtained upon terms and conditions which would provide the Members of the Obligated Group with revenues sufficient to pay the Offered Bonds. The default under or failure to renew one or more Tenant Leases could jeopardize the ability of the Facilities to generate revenues sufficient in the aggregate to pay debt service on the Offered Bonds.

Existing Tenant competitors with cargo facilities located at certain of the airports where the Facilities are located could expand their cargo facilities, and existing or additional competitors at any of such airports could develop new cargo facilities in competition with the Facilities.

In addition, a major side effect of new air cargo security guidelines has been that the economies of scale offered by gateway airports and proportionately higher costs of screening at small to mid-sized airports encourages the migration of cargo screening to the gateway airports. As a result, the demand for non-gateway locations may decline and accordingly rental values at such locations may decline as well. A number of the Facilities are located at non-gateway airports and continued migration of air cargo to gateway airports could reduce the value and rental income received by the Obligated Group from such non-gateway locations.

Further, the airports where the Facilities are located are in competition with other airports where competitors offer air cargo facilities.

There is also the risk of competition from other methods of cargo shipping, such as by truck, sea and rail. In particular, the North American air cargo market has diminished over the last decade in favor of trucking. The completion of the widening of the Panama Canal expected in mid 2015, and the advent of the "fast ship" may favor shipping by sea for certain types of goods.

The air cargo industry is also subject to exchange rate risks, and variation of the value of the US dollar against the value of other currencies could affect the flow of imports and exports to and from the United States thereby influencing the overall level of air cargo shipments and value of air cargo facilities in general.

Terrorist Attacks

The September 11, 2001 attacks highlighted the vulnerability of airports and aircraft and related facilities to terrorist attack. The possibility of such attacks could (i) lead to damage to the Facilities if any such attacks occur, (ii) result in higher costs for insurance premiums, which could adversely affect the cash flow at the Facilities, and (iii) impact the air cargo industry which could adversely impact Gross Revenues.

Terrorism Insurance for the Members May be Unavailable or Insufficient

Following the September 11, 2001 terrorist attacks many insurance companies eliminated coverage for acts of terrorism from their policies. Without assurance that they could secure financial backup for this potentially uninsurable risk, availability in the insurance market for this type of coverage, especially in major metropolitan areas, became either unavailable, or was offered with very restrictive limits and terms, with prohibitive premiums being requested. In order to provide a market for such insurance, the Terrorism Risk Insurance Act of 2002 was enacted on November 26, 2002, which established the Terrorism Insurance Program. Under the Terrorism Insurance Program, the federal government shares in the risk of loss associated with certain future terrorist acts.

On December 26, 2007, the Terrorism Insurance Program was extended by the Terrorism Risk Insurance Program Reauthorization Act of 2007 (“*TRIPRA*”) through December 31, 2014.

The Terrorism Insurance Program is administered by the Secretary of the Treasury and, through December 31, 2014, will provide some financial assistance from the United States government to insurers in the event of another terrorist attack that results in an insurance claim. The program applies to any act that is certified by the Secretary of the Treasury — in concurrence with the Secretary of State and the Attorney General of the United States — to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. The Terrorism Insurance Program does not cover nuclear, biological, chemical and radiological attacks.

In addition, no compensation will be paid under the Terrorism Insurance Program unless the aggregate industry losses relating to such act of terrorism exceed \$100 million. As a result, unless the Members obtain separate coverage for events that do not meet that threshold, such events would not be covered.

The Treasury Department has established procedures for the program under which the federal share of compensation will be equal to 85% of the portion of insured losses that exceeds an applicable insurer deductible required to be paid during each program year (which insurer deductible was fixed by *TRIPRA* at 20% of an insurer’s direct earned premium for any program year). The federal government share in the aggregate in any program year may not exceed \$100 billion (and the insurers will be liable for any amount that exceeds this cap). Through December 2014, insurance carriers are required under the program to provide terrorism coverage in their basic policies providing “special” form coverage.

The Terrorism Insurance Program is temporary legislation and there can be no assurance that it will create any long-term changes in the availability and cost of such insurance. Moreover, there can be no assurance that subsequent terrorism insurance legislation will be passed upon its expiration.

If the Terrorism Insurance Program is not extended or renewed upon its expiration in 2014, premiums for terrorism insurance coverage will likely increase and/or the terms of such insurance may be materially amended to apply exclusions for terrorism losses or to otherwise effectively decrease the scope of coverage available (perhaps to the point where it is effectively no longer available). In addition, to the extent that any policies contain “sunset clauses” (*i.e.*, clauses that void terrorism coverage if the federal insurance backstop program is not renewed), then such policies may cease to provide terrorism insurance upon the expiration of the Terrorism Insurance Program. There can be no assurance that such temporary program will create any long term changes in the availability and cost of such insurance.

The Facilities are insured for terrorism coverage provided by Lexington Insurance Company, a Chartis Company (“*Lexington*”), which carries a Financial Strength Rating of A. There can be no assurance that Lexington will have sufficient resources to pay out under its policy covering acts of terrorism at the Facilities. Although Lexington will have the benefit of an 85% backstop provided by the U.S. Government under *TRIPRA* (which expires December 31, 2014) and reinsurance of the remainder, there can be no assurance that Lexington will have sufficient resources to make payments under any policy covering acts of terrorism.

Damage, Destruction or Condemnation

Upon full or partial damage, destruction or condemnation of a Facility, there can be no assurance that insurance proceeds or condemnation awards paid or payable to the Ground Lessor, the Members or the Master Trustee, as applicable, will be sufficient to restore the damaged Facility to its prior condition or, if restoration is not feasible, to pay, in whole or in part, a portion of the Offered Bonds that may be required to be redeemed as a result of the damage, destruction or condemnation. In addition, there can be no assurance that the remaining portion of such Facility together with all other Facilities will produce sufficient revenues to pay debt service on the outstanding Offered Bonds. Each of the Ground Leases provides that the ground lessors have certain rights and obligations concerning the use of insurance and condemnation awards to rebuild or replace Facilities and provide that the ground lessors have rights (which are or may be senior to the rights of the Members or the Master Trustee) to some or all of any insurance or condemnation awards not used to rebuild or replace an existing Facility. See “PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Damage, Destruction and Condemnation” for a description of the consequences of any damage, destruction, condemnation or taking with respect to any Facility. See “PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE GROUND LEASES” for a description of Member options and obligations in the event of any damage, destruction, condemnation or taking with respect to any Facility under a Ground Lease.

Insurance May Not Be Available or Adequate

Although the Facilities are required to be insured against certain risks, there is a possibility of casualty loss with respect to one or more Facilities for which insurance proceeds may not be adequate or which may result from risks not covered by insurance. There can be no assurance that the Members have complied, or will in the future be able to comply, with requirements to maintain adequate insurance with respect to the Facilities, and any uninsured loss could have a material adverse impact on the amount available to restore the affected Facilities.

Further, any uninsured loss could have a material adverse impact on the amount available to make payments on the Financing Agreements, and consequently, the Offered Bonds. As with all real estate, if reconstruction (for example, following fire or other casualty) or any major repair or improvement is required to the damaged property, changes in laws and governmental regulations may be applicable and may materially affect the cost to, or ability of, the applicable Members to effect such reconstruction, major repair or improvement. As a result, the amount realized with respect to a particular Facility, and the amount available to make payments of principal of or interest on the Offered Bonds, could be reduced. In addition, there can be no assurance that the amount of insurance required or provided would be sufficient to cover damages caused by any casualty, or that such insurance will be commercially available in the future.

There can be also no assurance that any loss incurred with respect to the Facilities will be of a type covered by such insurance and will not exceed the limits of such insurance. Should an uninsured loss or a loss in excess of insured limits occur, the related Member could suffer disruption of income, potentially for an extended period of time, while remaining responsible for any financial obligations relating to the applicable Facility. In addition, the Members are relying on the creditworthiness of the insurers providing insurance with respect to the Facilities.

Certain Ground Leases Include Requirements Regarding Application of Insurance Awards and Condemnation Proceeds

Pursuant to the terms of the Master Indenture, if the insurance proceeds from a casualty are equal to or less than \$250,000, such proceeds shall be, to the extent permitted to be so transferred to the Master Trustee by the applicable Ground Lease, deposited with and held by the Master Trustee and applied to repair, restore, modify, improve or replace the damaged property. If the insurance proceeds are greater than \$250,000, such proceeds shall be deposited with and held by the Master Trustee, to the extent permitted to be so transferred to the Master Trustee by the applicable Ground Lease, and applied either to (i) repair, restore, modify, improve or replace the damaged property (x) to the extent it is economically feasible, permitted under the applicable Ground Lease and such repair will restore the damaged property to the physical and operating condition as existed before the casualty, or such restoration or repair is the only legal or economically viable alternative under the applicable Ground Lease and (y) the applicable Member will have sufficient funds to restore or replace the damaged improvements to completion and to pay its Operation and Maintenance Expenses for such damaged property, or (ii) to the extent the requirements of subsection (i) above have not been met, to redeem the applicable Bonds. In certain cases, the

Ground Leases require that the insurance proceeds be paid to, and be distributed by, the Ground Lessor. Where this is the case, the Master Indenture provides that the applicable Member may draw such proceeds only after a requisition (containing the same information as would be required for a draw from the Renewal Fund) has been approved in writing by the Master Trustee.

The Ground Leases generally provide that, to the extent proceeds of insurance held by the Master Trustee are insufficient to pay the entire cost of rebuilding the affected Facility, the applicable Member is required to pay the deficiency. There can be no assurance that the applicable Member will have sufficient funds available to it to pay any such deficiency.

Generally, the Ground Leases require that all property insurance proceeds be applied to the costs of repairing, rebuilding and reconstructing the Facilities. Certain Ground Leases also provide that the applicable Member may terminate its Ground Lease; however, pursuant to the terms of the Mortgages, the Members are prohibited from exercising these termination rights. Generally, the Ground Leases also provide that any insurance proceeds would be paid to the Ground Lessor in the event that the applicable Member elects to terminate the applicable Ground Lease. In limited cases, the Ground Lessor has the right to terminate the applicable Ground Lease upon a casualty. In most of these limited cases, the Ground Lessor's termination right is triggered if the damage or destruction occurs during the last few years (generally, three (3) years or fewer) of the Ground Lease term (or renewal term). In one instance, a Ground Lessor may terminate the Ground Lease if the cost of reconstruction exceeds 50% of the cost of the improvement; however, in such instances, pursuant to an agreement among the Ground Lessor, the applicable Member and the Master Trustee, the applicable Ground Lessor has agreed that the Master Trustee shall be entitled to determine and direct whether insurance proceeds are made available for the restoration of the applicable Facility or are applied to the repayment of the applicable bonds. In addition, in another instance the Ground Lessor may terminate the Ground Lease if the applicable Member does not complete restoration of the improvements within two (2) years; however, the Members have covenanted in the Master Indenture to promptly proceed to repair, reconstruct and replace the affected portion of the damaged property in the event of a casualty. With respect to condemnation, the Ground Leases generally provide that the applicable Ground Lease will terminate following the condemnation of all or substantially all of the leased premises, and the applicable Member is permitted to seek an award attributable to its leasehold interest.

Limited Assets of the Obligated Group

Apart from the resources obtained through the financing described herein, the Members of the Obligated Group do not have any financial assets, nor is there any expectation of financial support from any other source. In the event a default occurs under the Master Indenture, the only remedy available would be for the Master Trustee to exercise its remedies pursuant to the provisions of the Master Indenture and the Mortgages. See "PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE MORTGAGES." Such remedies will be available only if the applicable Ground Leases are not terminated as would be the case if any such Member is also in default of its obligations thereunder. Any loss of such revenue would diminish the ability of the Obligated Group to pay the Offered Bonds as a whole.

Additional Debt

Under each of the NYC IDA Indenture and the PFA Indenture, upon the request of the applicable Member and upon compliance with the requirements of the NYC IDA Indenture or the PFA Indenture, as applicable, the NYC IDA or the Authority, as the case may be, may issue Additional Bonds from time to time and in some cases without the consent of Bondholders. See "PART III – OFFICIAL STATEMENT FOR THE SERIES 2012A NYC IDA BONDS – SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012A NYC IDA BONDS – Additional Bonds/Additional Obligations" and "PART IV – OFFICIAL STATEMENT FOR THE SERIES 2012B PFA BONDS – SECURITY FOR THE SERIES 2012B PFA BONDS – Additional Bonds/Additional Obligations" hereof. Members may also issue bonds from time to time through conduit issuers other than the NYC IDA or the Authority and may issue Obligations under the Master Indenture to secure Indebtedness that is not related to any conduit issue or to secure credit enhancement for a conduit issue, in some cases without the consent of Bondholders.

Those Additional Bonds issued under the NYC IDA Indenture, the PFA Indenture or otherwise through another conduit issuer and any other Obligations issued under the Master Indenture may be issued on a parity with or subordinate to the Offered Bonds and any other Additional Bonds outstanding. A corresponding Master Note will be issued on a parity with like priority Notes, if Additional Bonds are issued. See "PART V – APPENDICES

RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE” herein.

The Obligated Group is also issuing two Subordinate Class B Obligations in the form of the indemnity agreements, one to the NYC IDA and one to the Authority, each an Indemnitee. Neither of the Indemnity Obligations will have a principal amount or accrue interest unless and until an amount is owed thereunder. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – COMMON SECURITY FOR OBLIGATED GROUP – Additional Bonds/Additional Obligations” herein.

Members of the Obligated Group May Be Subject to Environmental Liabilities

Under various federal, state and local environmental laws, ordinances and regulations, a current or previous owner or operator of real property may be liable for the costs of investigation, removal or remediation of hazardous or toxic substances on, under, adjacent to, or in such property. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. The cost of any required remediation and the owner’s liability therefor could exceed the value of the property and/or the aggregate assets of the owner. In addition, the presence of hazardous or toxic substances, or the failure to properly remediate environmental conditions of such property, may adversely affect the owner’s or operator’s ability to refinance using such property as collateral or the owner’s ability to sell such property. Persons who arrange for the disposal or treatment of hazardous or toxic substances may also be liable for the costs of removal or remediation of such substances at the disposal or treatment facility. For all of these reasons, the presence of, or potential for contamination by, hazardous or toxic substances at, on, under, adjacent to, or in one or more of the Facilities could materially adversely affect the Obligated Group’s ability to pay debt service on the Offered Bonds.

Under some environmental laws, such as the federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (“*CERCLA*”), as well as certain state laws, a secured lender may be liable, as an “owner” or “operator,” for the costs of responding to a release or threat of a release of hazardous substances on or from a borrower’s property regardless of whether the borrower or a previous owner caused the environmental damage, if (i) agents or employees of a lender are deemed to have participated in the management of the borrower or (ii) the lender actually takes possession of a borrower’s property or control of its day-to-day operations, as for example, through the appointment of a receiver. Although federal legislation clarifies the activities in which a lender may engage without becoming subject to liability under *CERCLA* and similar federal laws, state environmental law may differ on what defenses a secured lender may have to liability for contamination.

Each of the Facilities has been subject to a “Phase I” Environmental Assessment performed by ATC Associates, Inc. in connection with the issuance of the Offered Bonds. The assessments were intended to evaluate the environmental condition of the Facilities by identifying the presence or likely presence of hazardous substances or petroleum products on the property and identifying conditions that indicate an existing release, a past release, or a material threat of a release of hazardous substances or petroleum products into structures on the subject property or into the ground, groundwater or surface of the subject property. The report included observation of each of the Facilities and adjacent properties and a review of publicly available general information, historical information and environmental records related to the Facilities. The “Phase I” environmental assessments generally did not include sampling or analysis of soil, groundwater or other environmental media or subsurface investigations. The “Phase I” environmental assessments noted that the assessments revealed “no evidence of recognized environmental conditions in connection with each of the subject properties.” No assurance can be given that all environmental conditions and risks relating to the Facilities have been identified in the environmental assessments. In addition, no assurance can be given that any environmental indemnity, insurance or reserve amounts, if any, will be sufficient to remediate the environmental conditions or that operation and maintenance plans will be put in place and/or followed. Additionally, no assurance can be given that actions of Tenants at the Facilities will not adversely affect the environmental condition of the Facilities.

THE OBLIGATED GROUP AND THE GROUP REPRESENTATIVE

General

The Offered Bonds will be secured by the respective Senior Note issued under the Master Indenture to the related Bond Trustee. Each Member of the Obligated Group will be jointly and severally liable on all Obligations issued under the Master Indenture. Contemporaneously with the issuance of the Offered Bonds, the Initial Members

will form the Obligated Group. The Obligated Group is initially comprised of TriPs and a group of thirty-eight (38) affiliated entities all of the ownership interests of which will, contemporaneously with the issuance of the Offered Bonds, be transferred to TriPs. In addition, approximately 99% of the membership interests of TriPs will, contemporaneously with the issuance of the Offered Bonds, be owned through two affiliated subsidiaries by CalEast, the purchaser of the Non-Offered Bonds. Each of the Initial Members owns, or has entered into one or more long-term Ground Lease(s) with municipal entities for the lease of, certain airport property upon which such Members operate their Facilities. The Initial Members have leased or subleased each of their respective Facilities to one or more Tenants who will use all or a portion of such Facilities to conduct air freight or air cargo operations, or other aviation-related businesses, or other businesses permitted under the Ground Leases, as applicable. The only source of revenue of the Obligated Group is rentals received from such Tenants.

The Initial Members and the Facilities

The Initial Members, the related Facility leased or owned by such Initial Members, and the airport at which such related Facility is located, are listed below:

<u>Initial Member</u>	<u>Airport</u>	<u>Facility</u>	<u>City/State</u>
Aero Anchorage, LLC	Ted Stevens Anchorage International Airport	3830 West Old International	Anchorage AK
Aero Boylston, LLC ⁽¹⁾	Worcester Regional Airport	300 Century Drive	Worcester, MA
Aero DFW, LP	Dallas –Fort Worth International Airport	Building 1 Building A-D Building E	Dallas, TX
Aero DFW II, LP	Dallas Fort Worth International Airport	Building 1830 Building 1840-1850	Dallas, TX (DFW Airport)
Aero DFW III, LP	Dallas Ft. Worth International Airport	2323, 2405, 2409, 2413-2417 North Support Road	DFW, TX
Aero DFW FEE, LP ⁽¹⁾	Dallas Ft. Worth International Airport	1100, 1102, 1104 East Dallas Road	DFW, TX
Aero Ft. Myers, LLC	Southwest Florida International Airport	15960 Chamberlin Parkway	Fort Myers, FL
Aero Greensmor, LP ⁽¹⁾	George Bush International Airport	15900-15945 Morales Road, 2700 Greens Road, Buildings 1, A-D, L	Houston, TX
Aero Harrisburg, LLC	Harrisburg International Airport	Building 100	Harrisburg, PA
Aero Houston Central, LP	George Bush Intercontinental Airport	Buildings 7-11 & D-G ⁽²⁾	Houston, TX
Aero Houston East, LP	George Bush Intercontinental Airport	19115 Lee Road	Houston, TX
Aero Houston East II, LP	George Bush Intercontinental Airport	19175 Lee Road	Houston, TX
Aero JFK, LLC	John F. Kennedy International Airport	Building 21/23	New York, NY
Aero Kansas City, LLC	Kansas City International Airport	594 Mexico City Ave	Kansas City, MO
Aero Lauderdale, LLC ⁽³⁾	Fort Lauderdale-Hollywood International Airport	Buildings 1-5	Ft. Lauderdale, FL
Aero Louisville, LLC	Louisville International Airport	4901 Crittenden Drive	Louisville, KY
Aero Miami I, LLC	Miami International Airport	6500 NW 22nd St, Bldgs. 709, 709-A, and 710	Miami, FL
Aero Miami II, LLC	Miami International Airport	2000 NW 62nd Avenue, Bldg. 711	Miami, FL
Aero Milwaukee, LLC	General Mitchell International Airport	201 W. Air Cargo Way	Milwaukee, WI
Aero Newark, LLC	Newark Liberty International Airport	339 & 340 Brewster Road	Newark, NJ

<u>Initial Member</u>	<u>Airport</u>	<u>Facility</u>	<u>City/State</u>
Aero New Orleans, LLC	Louis Armstrong New Orleans International Airport	200 Crofton Road, Bldgs. 1-5	New Orleans, LA
Aero New Orleans 7 Owner, LLC ⁽¹⁾	Louis Armstrong New Orleans International Airport	200 Crofton Road, Bldg. 7	New Orleans, LA
Aero Norfolk, LLC	Norfolk International Airport	5998 & 6000 Robin Hood Road	Norfolk, VA
Aero O’Hare, LLC	O’Hare International Airport	891-893-899 Upper Express Drive	Chicago, IL
Aero O’Hare Express, LLC	O’Hare International Airport	512 (land), 514, 515, 516, 517 Express Center Drive	Chicago, IL
Aero Oklahoma, LLC	Will Rogers World Airport	6300 Air Cargo Road	Oklahoma City, OK
Aero Orlando, LLC	Orlando International Airport	8963-8975, 9043-9057, 9031-9039 Tradeport Drive	Orlando, FL
Aero Orlando II, LLC	Orlando International Airport	9555-9597 & 9441-9463 Benford Rd	Orlando, FL
Aero Pensacola, LLC	Pensacola Regional Airport	2450 Airport Blvd - Bldg 1	Pensacola, FL
Aero Phila, LP	Philadelphia International Airport	Building C-7	Philadelphia, PA
Aero Philadelphia, LLC	Philadelphia International Airport	Building C-8	Philadelphia, PA
Aero Phil FE, LLC ⁽¹⁾	Philadelphia International Airport	3600 Grays Ferry Ave, FedEx	Philadelphia, PA
Aero Portland, LLC	Portland International Airport	5330 NE Courier Court	Portland, OR
Aero Portland II, LLC	Portland International Airport	5337 NE Courier Court	Portland, OR
Aero Portland ME, LLC	Portland International Jetport	261 Yellowbird Road	Portland, ME
Aero Rickenbacker, LLC	Rickenbacker International Airport	7066 Cargo Road	Columbus, OH
Aero South Bend, LLC	South Bend Regional Airport	5301 Lincoln Way West	South Bend, IN
Aero Syracuse, LLC	Syracuse Hancock International Airport	140, 152, 176, 212 Air Cargo Road	Syracuse, NY

⁽¹⁾ Fee Simple Facility; all others are leasehold interests.

⁽²⁾ See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – THE FACILITIES, MANAGEMENT AND THE TENANTS – Ground Lease Amendment Relating to the Houston Central Facilities” herein.

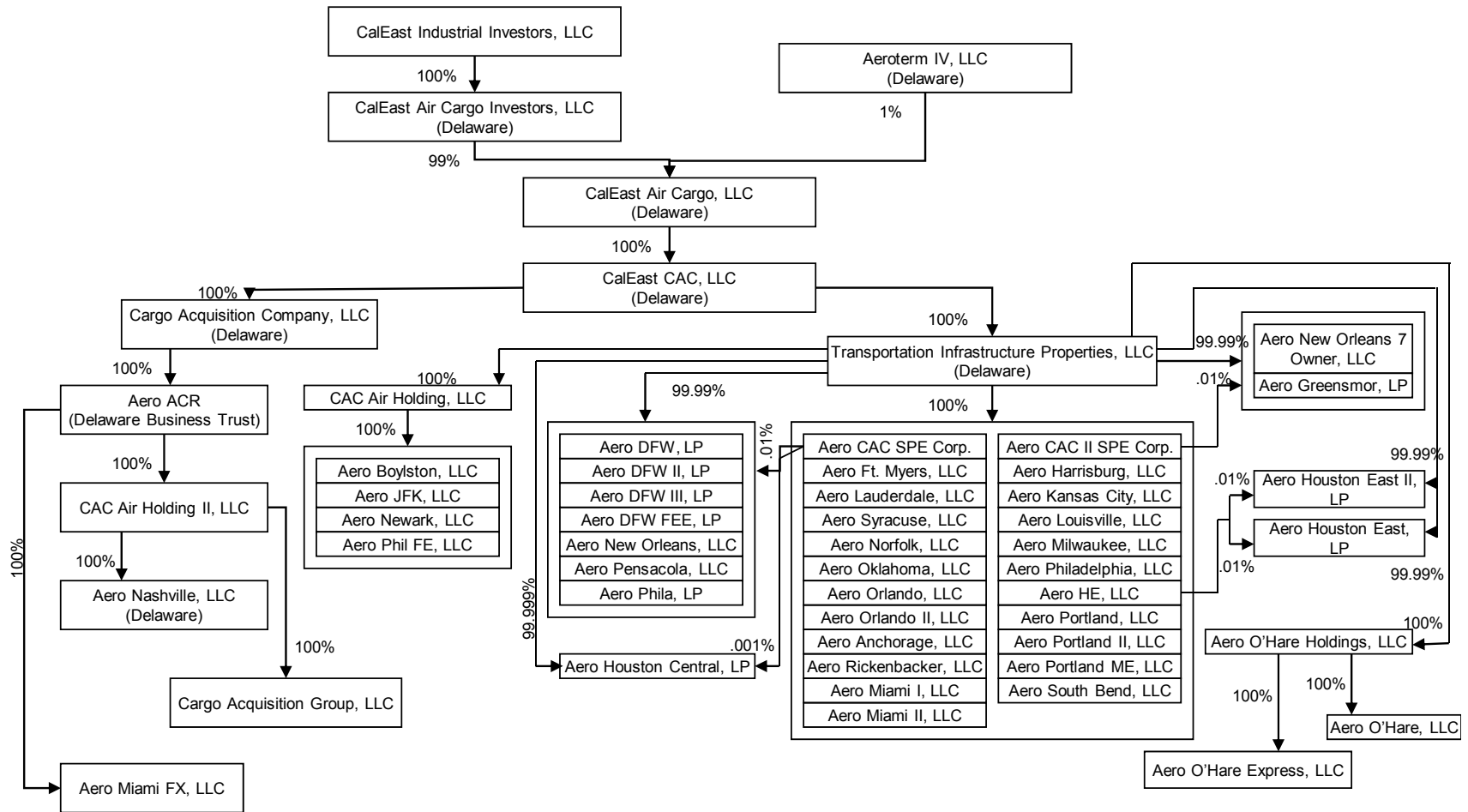
⁽³⁾ The Facility operated by Aero Lauderdale, LLC is not subject to a Mortgage.

Membership Structure

Each Member of the Obligated Group is organized and validly exists in its state of organization, and is authorized to own, operate and lease its Facility. Each Member of the Obligated Group (other than TrIPs) has no significant assets other than its leasehold or fee interest in its Facility. TrIPs is a Delaware limited liability company that was organized solely for the purpose of owning, either directly or through another entity, all of the ownership interests or partnership interests, as the case may be, in each of the other Members of the Obligated Group.

Set forth on the following page is an organizational chart for the Obligated Group, including TrIPs. Bondholders should be aware that none of the entities above Transportation Infrastructure Properties, LLC on the organizational chart are parties to the Master Indenture or any of the other Financing Documents, and have no obligation to make payments if the Members of the Obligated Group fail to generate sufficient revenues to fulfill their obligations under the Master Indenture. The ownership structure of TrIPs and the Members of the Obligated Group will be as described herein as of the date of the issuance of the Series 2012 Bonds and is represented on the following chart:

TrIPs Organizational Chart



Group Representative

TriPs, a Delaware limited liability company, is the Group Representative for the Obligated Group under the Master Indenture (the “*Group Representative*”).

Generally, any obligations of the Members under the Master Indenture to deliver notices, certifications and other items or to take responsibility for having items approved fall primarily on the Group Representative.

The Group Representative may cease to act as the Group Representative by giving the Members and the Master Trustee at least thirty (30) days’ prior written notice of its intention to do so. In the event that the Group Representative ceases to act as the Group Representative, the Members whose aggregate Total Revenues constitute at least sixty percent (60%) of the Total Revenues of the Obligated Group in the most recent Fiscal Year for which financial statements are available shall designate a Member to assume all of the responsibilities assigned under the Master Indenture to the Group Representative and shall send written notice of such designation to the Master Trustee. If no new Group Representative is so designated within thirty (30) days after the prior Group Representative shall have ceased such status, any Member or Members whose aggregate Total Revenues constitute at least twenty percent (20%) of the Total Revenues of the Obligated Group in the most recent Fiscal Year for which financial statements are available may assume the position of Group Representative by an instrument executed by all such Members and filed with the other Members and the Master Trustee.

Additional Members

Any Person which is not a Member may become a Member if:

(i) the Person which is becoming a Member shall execute and deliver to the Master Trustee an appropriate instrument (a “*Joinder Agreement*”), satisfactory to the Master Trustee, containing the agreement of such Person (a) to become a Member under the Master Indenture and thereby become subject to compliance with all provisions of the Master Indenture pertaining to a Member, including, without limitation, the performance and observance of all covenants and obligations of a Member under the Master Indenture, (b) covenanting to the Master Trustee and each other Member that it will pay all Obligations in accordance with the terms thereof and of the Master Indenture, and that it will be jointly and severally liable on each Obligation issued under the Master Indenture and (c) pledging some or all of its Gross Revenues;

(ii) each instrument executed and delivered to the Master Trustee in accordance with paragraph (i) above shall be accompanied by an Opinion of Counsel, to the effect that (a) such Joinder Agreement has been duly authorized, executed and delivered by such Person, and constitutes the valid and binding obligation of such Person enforceable in accordance with its terms, except as limited by bankruptcy laws, insolvency laws and other laws affecting creditors’ rights generally and (b) the proposed new Member is not subject to any previous commitments or encumbrances that would prohibit it from joining the Obligated Group and being subject to the Master Indenture;

(iii) the Master Trustee shall also have received (a) an Officer’s Certificate stating and demonstrating that (1) immediately upon any Person becoming a Member, no other Member would, as part of or as a result of such transaction, be in default in the performance or observance of any covenant or condition to be performed or observed by it under the Master Indenture and the new Member is one hundred percent (100%) owned, directly or indirectly, by TriPs, the Special Limited Member, and (2)(A) each Member could meet any conditions described in the Master Indenture for the incurrence of one dollar of additional Indebtedness, or (B) the ratio of Revenues Available for debt service to Indebtedness, for the period of twelve (12) full consecutive calendar months immediately succeeding the proposed date of the applicable transaction, is expected to be no less than it would have been had the Person not become a Member, or (C) upon becoming a Member, each new Member is individually forecasted to meet the Debt Service Coverage Ratio of at least 1.40 and will use all commercially reasonable efforts to maintain this ratio for each applicable test period specified in “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – COMMON SECURITY FOR THE OBLIGATED GROUP – Rate Covenant – *Testing Compliance*”; (b) a certificate from the Independent Public Accountant for the Group Representative that the Independent Public Accountant

reasonably expects to be able to provide to the Master Trustee, subsequent to the admission of the new Member to the Obligated Group, an annual certificate relating to financial statements of the Members; (c) an Opinion of Bond Counsel to the effect that consummation of such transaction would not adversely affect any applicable exemption from federal income taxation on the interest payable on any bonds which were previously issued pursuant to and are secured by the Related Financing Documents for any Obligations or other Indebtedness incurred or permitted to be incurred under the Master Indenture or any similar Indebtedness of the new Member and (d) if the new Member has outstanding Indebtedness at the time it becomes a Member, a Confirmation of Rating;

(iv) the Group Representative needs to have approved in writing any such Person becoming a Member; and

(v) the Group Representative shall have delivered to the Master Trustee a Confirmation of Rating and an Opinion of Counsel as to the enforceability of the Joinder Agreement.

Upon any Person becoming a Member pursuant to the Master Indenture:

(i) such Member may execute and deliver Obligations thereafter issued and any Supplemental Indenture thereafter entered into;

(ii) the computations required by any provision of the Master Indenture to be made on a consolidated or combined basis shall include the new Member in accordance with generally accepted accounting principles consistently applied, with the elimination of material intercompany balances and transactions; and

(iii) any covenant contained in the Master Indenture obligating any Member to perform any matter with respect to its property or its operations shall be deemed to obligate such Member to perform such matter with respect to property owned by it or its operations.

Cessation of Status as Member

Under the terms of the Master Indenture, each Member covenants that it will not take any action which would cause it to cease to be a Member unless (i) the Group Representative shall have consented thereto, (ii) prior to taking any such action, there is delivered to the Master Trustee an Officer's Certificate stating and demonstrating that the requirements of the Master Indenture relating to the sale or transfer of assets of Members (including the delivery of a Confirmation of Rating) are met as if the assets of the departing Member were being sold and (iii) all remaining Obligations of such Member are specifically assumed by the remaining Members to the extent required to preserve such Obligations as Obligations of the remaining Members.

Limited Assets of Obligated Group

THE OBLIGATED GROUP HAS NO SIGNIFICANT ASSETS OTHER THAN FEE INTERESTS IN CERTAIN FACILITIES, THE GROUND LEASES AND RELATED TENANT LEASES. PAYMENT OF THE OFFERED BONDS IS THEREFORE DEPENDENT UPON REVENUES GENERATED BY THE TENANT LEASES, INCLUDING ANY FUTURE TENANT LEASES OF THEIR FACILITIES. PROSPECTIVE INVESTORS SHOULD READ "PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – CERTAIN RISK FACTORS" FOR A DESCRIPTION OF CERTAIN RISKS WHICH MAY AFFECT THE ABILITY OF THE OBLIGATED GROUP TO GENERATE SUFFICIENT REVENUES.

THE FACILITIES, MANAGEMENT AND THE TENANTS

General

Each of the Initial Members (other than TriPs) either owns, or has entered into Ground Leases with municipal entities for the lease of, certain airport property upon which such Members have acquired or constructed certain air cargo handling facilities. For a description of the Ground Leases, see "PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS –

APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE GROUND LEASES.” Each of the Initial Members (other than TriPs) has leased or subleased its Facilities, as the case may be, to one or more Tenants. Such Tenants pay the Initial Members rent and other related amounts for the use of all or a portion of such Facilities and conduct freight or air cargo operations, other aviation-related businesses, or other businesses permitted under the Ground Leases. Such rents and other related amounts constitute the only source of revenue of the Members. Each Member’s interest in its respective Tenant Leases in those portions of the Facilities covered by the Mortgages has been collaterally assigned to the Master Trustee as security for payment of the Members’ Obligations under the Master Indenture, including the Senior Notes securing the Offered Bonds.

The Facilities

The Facilities comprise, in the aggregate, approximately 6.3 million square feet of warehouse and office space, approximately 4.4 million square feet of aircraft parking ramps and tug ramps, vehicular parking and other related areas.

The following table sets forth certain summary data regarding the Facilities, the airports at which the Facilities are located, the building square footage, ramp square footage, major Tenants and where applicable, year of Ground Lease expiration (in certain instances, properties offering direct aircraft ramp access do not actually contain aircraft ramp access within the bounds of their underlying leasehold areas):

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AIRPORTS, FACILITIES, GROUND LEASE EXPIRATIONS

(as of May 31, 2012)

<u>Market</u>	<u>State</u>	<u>Facility</u>	<u>Building</u> <u>Sq. Ft.</u>	<u>Ramp</u> <u>Sq. Ft.</u>	<u>Major Tenant</u>	<u>Ground Lease</u> <u>Expiration</u>
Anchorage	Alaska	Anchorage	80,884	116,824	Delta, Evergreen	2035
Boylston	Massachusetts	Boylston	88,590	-	FedEx	N/A
Columbus Rickenbacker	Ohio	Columbus Rickenbacker	336,489	-	FedEx	2055
Dallas/Fort Worth	Texas	DFW I, DFW II, DFW III, DFW Fee	798,992	265,900	Delta, AG VAN, Team Air, Continental, IES	DFW I, Building 1: 2020; DFW I, Building A-D: 2019; DFW I, Building E: 2035; DFW II, Building 1830: 2025; DFW II, Building 1840-1850: 2026; DFW III: 2029; DFW Fee: N/A (Fee) 2055/2057**
Chicago O'Hare North & South	Illinois	Chicago O'Hare North & South	975,793	-	Alliance, TAS, City of Chicago	
Fort Lauderdale	Florida	Fort Lauderdale	151,213	375,100	Spirit, IBC	2032
Fort Myers	Florida	Fort Myers	24,000	-	FedEx, UPS	2032
Harrisburg	Pennsylvania	Harrisburg	60,000	-	FedEx, UPS, US Air	2030
Houston	Texas	Houston Central*, Houston East I, II & Greensmor	985,018	-	Continental, Dascher, Atlas, IAS, UPS, CAS, Array Holdings	2024, 2043, 2043, N/A
Kansas City	Missouri	Kansas City	48,313	121,970	FedEx, UPS, DHL	2030
Louisville	Kentucky	Louisville	112,302	150,000	FedEx	2019
Miami	Florida	Miami I and II	511,378	782,059	Lan Chile, JW Acquisitions	2026, 2026
Milwaukee	Wisconsin	Milwaukee	131,388	-	FedEx, UPS, Evergreen	2025
Newark	New Jersey	Newark	266,793	233,021	SAS, EVA, WFS	2021
New York JFK	New York	New York JFK	436,267	596,404	Lufthansa, Delta	2028
New Orleans	Louisiana	New Orleans 1-5, New Orleans 7	295,778	44,000	JW Allen	2025, N/A
Norfolk	Virginia	Norfolk	87,595	216,326	FedEx, UPS	2030
Oklahoma City	Oklahoma	Oklahoma City	50,922	484,555	FedEx, UPS	2023
Orlando	Florida	Orlando I and II	199,945	-	DHL Express, GOAA	2032, 2046
Pensacola	Florida	Pensacola	10,570	-	UPS, Delta	2025
Philadelphia	Pennsylvania	Philadelphia C-7, C-8, FedEx	281,401	238,500	FedEx, US Air, WFS, Delta	2025, 2031, N/A
Portland	Maine	Portland, ME	19,200	-	FedEx	2045
Portland	Oregon	Portland I and II	125,253	349,746	DHL, Summit, Ghaleny, UPS	2029, 2027
South Bend	Indiana	South Bend	45,440	-	FedEx	2040
Syracuse	New York	Syracuse	135,361	412,897	FedEx, UPS, TSA, GSA	2033
Total			6,258,885	4,387,302		

* See "PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – THE FACILITIES, MANAGEMENT AND THE TENANTS – Ground Lease Amendment Relating to the Houston Central Facilities" herein.

** The Ground Lease expiration dates noted for Chicago O'Hare North & South includes fair rent adjustment extensions and certain bond financing conditions.

At eighteen (18) of the airports, all of the Facility buildings have direct access to aircraft parking ramps. At five (5) of the remaining airports (Dallas, Houston, Ft. Lauderdale, New Orleans and Philadelphia) certain of the buildings have direct access to aircraft parking and others have adjacent access by tug vehicles. At O'Hare, buildings are on-airport, but only allow for access by tug vehicles. Boylston, DFW FEE, Houston Greensmor, Philadelphia (FedEx), and New Orleans 7 are off-airport assets owned as fee-simple concerns that are not governed by airport ground leases. For a detailed description of the location of each of the Facilities, see "PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX A – CBRE INDEPENDENT CONSULTANT REPORT" herein.

Ground Lease Amendment Relating to the Houston Central Facilities

Aero Houston Central, LP ("*Houston Central*") is in negotiations with the City of Houston ("*City of Houston*"), the owner of George Bush Intercontinental Airport ("*Houston Airport*"), for an amendment to its Ground Lease to reflect the rent to be paid for specific buildings (E, F & 11) within Houston Central for the remainder of the ground lease term. Pursuant to the proposed amendment, Houston Central and the City of Houston intend to use a temporary rent schedule while an appraisal is completed to determine the rent to be charged for buildings E, F & 11. Once Houston Central and the City of Houston agree to the values pursuant to the appraisal, the rent schedule for purposes of buildings E, F & 11 will be finalized for the remainder of the lease term. No assurance can be given that the amendment will be executed, or if executed, will be in the form as described in "PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE GROUND LEASES" herein.

Changes to Other Ground Leases

Aero Portland, LLC ("*Aero Portland*") is currently negotiating with The Port of Portland, Oregon ("*Portland Ground Lessor*") to determine the amount of rent due, in connection with a scheduled rent renewal, to the Portland Ground Lessor for the aircraft ramp that services the facility located at 5330 NE Courier Court in Portland, Oregon (known as the Portland I Facility). Aero Portland expects to know the outcome before the end of the calendar year 2012.

A portion of the facility located at the Dallas-Fort Worth International Airport owned by Aero DFW, LP ("*DFW I*") is subject to an eminent domain action by the Dallas Area Rapid Transit ("*DART*"). As a result of the construction by DART of a light rail, an approximately 11,750 square foot portion of the DFW I Facility may be demolished in mid-2013. The Projected Cash Flows set forth herein, see "PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – PROJECTED CASH FLOWS, account for the lost income resulting from the taking, but do not take into account reduced ground rent.

A portion of the ground lease of Aero O'Hare, LLC ("*Aero O'Hare*") known as O'Hare Upper Express Center is currently undeveloped and used as truck parking. The cash flows set forth herein take into account the revenues from the truck parking. Aero O'Hare is currently negotiating with DHL to develop an approximately 460,000 square foot facility on such undeveloped land. In addition, one (1) tenant at O'Hare Upper Express Center has not reimbursed Aero O'Hare for real estate taxes, which is a requirement under its lease, in a total amount of approximately \$2,500,000.

Pursuant to the ground lease ("*Oklahoma Ground Lease*") between Aero Oklahoma, LLC ("*Aero Oklahoma*") and the Oklahoma City Airport Trust (the "*Trust*"), Aero Oklahoma is required to commence construction of a 25,000 square foot expansion to its facility or pay \$200,000 to the Trust by March 6, 2013. In the event Aero Oklahoma fails to either commence construction or pay the money, the Oklahoma Ground Lease will terminate on September 30, 2014. Aero Oklahoma is in discussions with the Trust about deferring this construction obligation. Aero Oklahoma intends to construct the expansion or pay the \$200,000 prior to March 6, 2013 and therefore it is assumed that the Oklahoma Ground Lease will not terminate until March 2023. The cash flows, however, do not include revenues from this expansion.

Aero New Orleans 7 Owner, LLC is considering transferring its off-airport facility to the Louis Armstrong New Orleans International Airport in exchange for a new long term ground lease for all of the facilities located at the airport. Aero New Orleans anticipates that the new ground lease would extend beyond the current term of the existing ground lease.

There can be no assurance that any of the matters discussed above will occur.

Management of the Facilities

General. The Facilities are managed by Aeroterm US, Inc. (the “*Manager*”). The Manager, a Delaware corporation organized in September, 1997, was established to operate air cargo transfer point facilities in the United States. Its headquarters are located at 201 West Street, Annapolis, Maryland 21401. The Manager is under common control with Aeroterm Management Company, a Canadian corporation. Together, the Manager and Aeroterm Management Company constitute North America’s largest manager of air cargo transfer point facilities and operate over 8 million square feet of air cargo facilities and over 4 million square feet of aircraft parking ramps in 33 markets across the continent.

Management Agreement. The Manager has entered into an Amended and Restated Management Agreement (the “*Management Agreement*”) with CalEast Air Cargo, LLC, as the indirect owner of each Member, for the management of the Facilities. Under the Management Agreement, the Manager is responsible for the operation, leasing and management of each Facility. The fees payable to the Manager on each Facility, payable monthly in arrears, consist of: (i) a property management fee of a certain percentage of the rents collected from the Facility’s Tenants, other operating revenues and rental insurance, (ii) a development fee, (iii) leasing fees, (iv) a construction management fee and (v) acquisition and financing services fee and disposition services fees in accordance with the terms of the Management Agreement. These fees are representative of fair market value. The Manager shall also be reimbursed for certain expenses as provided in the Management Agreement.

The fees and expenses of the Manager are part of Operating and Maintenance Expenses and paid prior to debt service on the Series 2012 Bonds. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – COMMON SECURITY FOR OBLIGATED GROUP – Flow of Funds” herein.

The Management Agreement terminates on October 31, 2016 and contains an automatic extension period of thirty (30) months, provided there is no event of default. The Management Agreement may be terminated after expiration of the various cure periods specified in the Management Agreement, for a breach by the Manager of any representation or warranty, a breach by the Manager of its obligations under the Management Agreement having a material adverse effect on a Member or its Facility, or an action by the Manager constituting fraud, bad faith, gross negligence or willful misconduct. The Management Agreement automatically terminates upon certain events of bankruptcy or insolvency of the Manager.

Any amendment or termination of any Management Agreement shall be approved by the Master Trustee, which shall not be unreasonably withheld; *provided, however*, that no such approval will be required when (i) such termination is due to a default under such agreement and (ii) such amendment is merely an extension of the term thereof, or does not materially increase the Manager’s rights or decrease the Manager’s obligations under such agreement, or changes the fees paid to the Manager so long as such fees represent a market rate, as so certified by the Group Representative.

Without approval of the Master Trustee, the NYC IDA Trustee, the PFA Trustee or any holder of Offered Bonds, the Management Agreement may be assigned to and assumed by a new management company and a Management Agreement may be entered into with a management company with respect to any new Facility, *provided* that, in all cases, at the time of such assignment and assumption or entering into (i) the new management company manages at least 200,000 square feet of cargo facilities and (ii) the new management company’s senior management personnel have at least three (3) years of experience in managing cargo facilities.

The Management Agreement may be replaced with a new Management Agreement entered into with a new management company without approval of the Master Trustee, the NYC IDA Trustee, the PFA Trustee or any holder of the Offered Bonds, *provided* that at the time of execution of such new Management Agreement (i) the new management company and its senior management personnel meet the conditions of the preceding paragraph, (ii) the new management company’s duties, rights and obligations under the new management contract are substantially similar to the Manager’s duties, rights and obligations under the initial Management Agreement and (iii) the fees contained in the new management agreement are not at a rate as a percentage of gross receipts that is materially greater than the fees set forth in the initial Management Agreement; *provided, however*, that the fee rates may be higher so long as they represent a market rate, as so certified by the Group Representative.

Except in the case of revisions, amendments and contracts not requiring Master Trustee consent or approval, no revisions or amendments to any existing management agreement at a Facility and no new management

agreement shall be effective unless there is first delivered to the Master Trustee and either the NYC IDA Trustee or the PFA Trustee, as applicable, an Opinion of Counsel to the effect that such revisions, amendments or new agreement will not cause interest on the related Bonds to be includable in the gross income of the holders thereof.

Mitchell R. Gordon, CFO and Vice President of Finance of the Manager, was named as a respondent in a Cease-and-Desist Order of the Securities and Exchange Commission (the “SEC”) dated December 29, 2006 entitled In the Matter of Whitemark Homes, Inc., Kenneth L. White, Robert B. Early and Mitchell R. Gordon (the “Order”). The Order related to a 2001 merger between Whitemark Homes, Inc. (“Whitemark”) and North Florida Consulting, Inc. (“NFC”) and concerned the consolidation into Whitemark of certain real estate entities that NFC had options to acquire (the “Purchase Options”). Whitemark’s stock was registered under Section 12(g) of the Securities Exchange Act of 1934 and Whitemark was required to file periodic reports with the SEC for the periods in question. The SEC found (for the limited purpose of its Order) that the financial accounting treatment for the consolidation into Whitemark of such entities was not made and presented in its filings in accordance with GAAP, that the expiration of the Purchase Options during the periods in question was not properly disclosed and that Whitemark’s reallocation of the purchase price for such Purchase Options was not made in accordance with GAAP. The SEC found that Mr. Gordon was a cause, together with two other officers of Whitemark, of Whitemark’s violations of certain sections of the Securities Exchange Act of 1934, as amended, and the rules thereunder, as a result of Whitemark’s failure to comply with GAAP in its financial reporting as described above. Mr. Gordon served as CFO of Whitemark from April 2002 until November 2003. However, Mr. Gordon was not employed by Whitemark at the time of the merger between Whitemark and NFC, and had no involvement in the accounting treatment of the merger prior to his employment, including the preparation and filing of Whitemark’s Form 10-K for the year ended December 31, 2001 that includes its audited financial statements accounting for the acquisition of NFC. In addition, Mr. Gordon did not participate in the preparation by Whitemark of any periodic reports prior to his employment by Whitemark in April 2002. However, Mr. Gordon did participate in the preparation of periodic reports filed by Whitemark during the term of his employment, which were part of the subject matter of the Order. Mr. Gordon was not required to admit or deny any of the SEC’s findings contained in the Order, but to cease and desist from any violations and any future violations of the sections and rules of the Securities Exchange Act of 1934, as amended, that Whitemark was determined to have violated.

Under the Management Agreement, all financial information compiled and all financial reporting obligations undertaken by Aeroterm US, Inc. as Manager will be certified by the President of the Manager.

Insurance Program

The Master Indenture requires that each Member will maintain, or cause to be maintained, insurance, in amounts and form sufficient to cover the risks associated with its business operations, in addition to complying with requirements set forth in the applicable Ground Lease. Coverage shall protect all properties of each Member and its agents, officers, employees, contractors and invitees from potential exposures that may be associated with the properties and the activities to be conducted at the properties. The coverages and limits summarized below reflect the insurance requirements of the Master Indenture which each Member is initially required to maintain. Each Member is currently in compliance with the insurance obligations set forth in the Master Indenture.

All Risks Property Insurance: The amount of insurance shall represent 100% of the replacement cost of the buildings, including Member improvements and betterments. Coverage includes earthquake and flood insurance subject to sublimits of coverage.

Boiler & Machinery Insurance:

- \$100,000,000 equipment breakdown, per accident, combined property damage and business income/extra expense subject to sublimits of coverage

Airport Premises Liability Including Commercial General Liability Insurance:

- \$110,000,000 each occurrence bodily injury/property damage and products and completed operations.
- \$25,000,000 annual aggregate personal injury.
- \$10,000,000 per occurrence for each baggage/cargo/warehouseman’s liability.

- \$4,000,000 per occurrence auto liability including hired, non-owned and owned (if any) autos, in excess of primary coverage.

Automobile Liability Insurance:

- \$1,000,000 each accident, all autos including hired, non-owned and owned (if any).

Excess Auto Liability Insurance:

- \$25,000,000 each accident, all autos including hired, non-owned and owned (if any).

Pollution Liability:

- \$5,000,000 each pollution incident or mold incident and in the general aggregate.

Business Income/Loss Of Rent Insurance: Business income/loss of rent income insurance, covering interruption of the covered Member's operations in whole or in part by reason of the total or partial suspension of, or interruption in, the operation of its property caused by the damage to or destruction of any part of its property, with such exceptions as are customarily imposed by insurers, shall be in an amount sufficient to pay ground rent under the current Members' Ground Leases, debt service on the obligations financing the Member's affected Facility or Facilities or property or properties, taxes or payments in lieu of taxes, the salaries and expenses of key employees of the Member required for the operation of the Facility or property affected, Facility management fees and other non-avoidable costs for at least a 12-month period.

Major Tenants

The Facilities are in aggregate leased to approximately one hundred sixty-nine (169) different Tenants, including air cargo carriers, passenger carriers providing cargo lift in their passenger aircraft ("*belly carriers*"), freight forwarders, ground service and handling companies, and a variety of specialty firms whose business needs require an on-airport location. Each Tenant may be in multiple Facilities. The following is a breakdown of the top twenty (20) Tenants (by total square footage leased) of all Facilities, including annual revenue, average lease term and number of Tenant Leases as of May 31, 2012:

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TOP TWENTY (20) TENANTS (BY SQUARE FOOTAGE LEASED)

Tenant	Leased Building Area (Sq. Ft.)	Total Leased Area (Sq. Ft.) ⁽¹⁾	Annual Revenue (\$) ⁽²⁾	Average Remaining Term of Lease (Years)	# of Leases	% of Total Sq. Ft.	% of Total Rent
1 Federal Express Corporation	1,038,964	1,838,055	\$ 13,877,842	3.5	20	21.54%	14.45%
2 Lan Chile, S.A.	384,046	944,782	8,814,135	14.2	1	11.07%	9.18%
3 Alliance ⁽³⁾	339,110	539,180	6,300,600	2.3	3	6.32%	6.56%
4 Delta Air Lines, Inc.	324,873	523,622	12,733,911	13.2	12	6.14%	13.26%
5 United Parcel Service	60,329	420,910	1,803,335	4.0	10	4.93%	1.88%
6 Lufthansa Cargo AG ⁽⁴⁾	180,684	380,449	10,070,146	6.1	1	4.46%	10.49%
7 JW Acquisition Inc.	127,332	348,655	3,149,691	14.2	1	4.09%	3.28%
8 Scandinavian Airlines of NA, Inc.	73,780	175,699	3,120,624	9.1	1	2.06%	3.25%
9 DHL Express (USA), Inc.	78,080	172,080	1,134,010	2.6	5	2.02%	1.18%
10 Integrated Airline Services, Inc. ⁽⁵⁾	123,056	170,656	1,437,208	2.0	8	2.00%	1.50%
11 IBC Airways, Inc.	22,625	148,495	526,424	10.2	3	1.74%	0.55%
12 Spirit Airlines, Inc.	24,000	134,940	877,573	2.5	2	1.58%	0.91%
13 Worldwide Flight Services, Inc.	80,897	132,706	3,428,453	1.7	3	1.56%	3.57%
14 Cargo Airport Services Texas, LLC	128,550	128,550	1,615,803	6.9	10	1.51%	1.68%
15 Total Airport Services, Inc.	113,156	125,242	1,253,135	2.4	4	1.47%	1.30%
16 City of Chicago	125,180	125,180	1,758,774	5.9	1	1.47%	1.83%
17 Schenker, Inc.	64,108	120,008	1,068,238	1.4	3	1.41%	1.11%
18 Air General, Inc.	118,530	118,530	1,393,569	5.4	7	1.39%	1.45%
19 McGrath RentCorp	116,895	116,895	669,676	6.5	1	1.37%	0.70%
20 Continental Airlines, Inc.	98,942	98,942	1,131,732	2.5	7	1.16%	1.18%
Top Twenty (20) Total	3,623,137	6,763,576	\$ 76,164,879		103	79.26%	79.30%

⁽¹⁾ Total Leased Area includes Building and Ramp square footage.

⁽²⁾ Annual Revenue represents total rent based on contractual rental obligations.

⁽³⁾ Includes both Alliance Ground International LLC and Alliance Airlines.

⁽⁴⁾ Reflects Lufthansa Cargo only and does not include Lufthansa Technik Logistik.

⁽⁵⁾ Reflects recent changes to leased space made in May 2012.

Certain Tenants are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”) and, in accordance therewith, file reports and other information with the Securities and Exchange Commission (the “*Commission*”). Such reports, proxy statements and other information can be inspected at the Public Reference Facilities maintained by the Commission at Room 1580, 100 F Street, N.E., Washington, D.C. 20549 or at <http://www.sec.gov>. Copies of such material can be obtained from the Public Reference Facilities of the Commission, 100 F Street, N.E., Mail Stop 2736, Washington, D.C. 20549, at prescribed rates. Information regarding Tenants who are not subject to the informational requirements of the Exchange Act may, to the extent available, be obtained from the Manager. In no event is such information or any other information on the Commission’s website incorporated herein by reference and none of the Underwriters, the NYC IDA or the Authority are responsible for the accuracy of the information contained on the Commission’s website.

NO TENANT HAS, OR WILL HAVE, ANY OBLIGATION TO MAKE ANY PAYMENTS WITH RESPECT TO THE OFFERED BONDS, BUT ARE OBLIGATED ONLY TO PAY RENT UNDER THE TENANT LEASE TO WHICH IT IS A PARTY.

Average Remaining Tenant Lease Terms of Major Tenants

As of May 31, 2012, the average weighted remaining Tenant Lease terms for the six (6) Tenants which, in total, provide more than 55% of the total rent of all Facilities, are as follows:

Tenant	Average Weighted Remaining Tenant Lease Term (years)
Federal Express Corporation	3.5
Lan Chile, S.A.	14.2
Alliance	2.3
Delta Air Lines, Inc.	13.2
United Parcel Service	4.0
Lufthansa Cargo AG	6.1

ALTHOUGH CERTAIN TENANT LEASES ARE SUBJECT TO EXTENSION, EACH OF THE TENANT LEASES EXPIRE PRIOR TO THE FINAL MATURITY OF EITHER SERIES OF THE OFFERED BONDS. THERE CAN BE NO ASSURANCE THAT THE MEMBERS OF THE OBLIGATED GROUP WILL BE ABLE TO RENEW EXISTING TENANT LEASES OR ENTER INTO NEW TENANT LEASES UPON TERMS AND CONDITIONS WHICH WILL ALLOW THE OBLIGATED GROUP TO MAKE THE PAYMENTS AS REQUIRED UNDER THE FINANCING AGREEMENTS SUFFICIENT TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF, IF APPLICABLE, SINKING FUND INSTALLMENTS, AND INTEREST ON THE OFFERED BONDS WHEN DUE. SEE “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – CERTAIN RISK FACTORS – FACTORS AFFECTING THE AIR CARGO INDUSTRY.”

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Actual Historical Cash Flows

Set forth below are actual historical cash flows in the aggregate for all of the Members of the Obligated Group for all Facilities for the period ending June 30 for each of the fiscal years 2008 through and including 2011 (each fiscal year commences July 1 and ends on the following June 30) and for the eleven month period ending May 31, 2012:

Period (ending 6/30)	Historical ⁽¹⁾				As of
	2008	2009	2010	2011	May 31, 2012
Total Square Footage	6,432,020	6,279,993	6,271,130	6,280,946	6,274,635
Square Footage Leased	5,516,786	5,397,354	5,226,010	5,066,499	5,308,732
Revenues					
Rental	\$ 72,867,858	\$ 75,463,485	\$ 72,268,749	\$ 71,100,175	\$ 65,133,181
Tenant Recovery Income	32,735,178	32,894,939	29,507,819	28,153,705	25,887,583
Gross Revenue	105,603,036	108,358,424	101,776,568	99,253,880	\$ 91,020,764
Operating Expenses					
General Building	6,521,600	15,450,859	7,302,903	8,628,451	6,738,668
Ground and Facility Rent	21,016,939	21,960,343	23,244,292	23,426,335	21,682,560
Insurance	2,235,272	1,543,173	1,566,717	1,073,958	1,004,829
Property Management	3,982,980	3,549,317	3,727,089	3,673,005	3,325,227
Real Estate Taxes	4,931,458	5,665,763	5,355,240	3,916,321	4,645,532
Utilities	4,550,651	4,824,726	4,543,387	4,793,487	4,272,888
Total Operating Expenses	43,238,900	52,994,181	45,739,628	45,511,557	41,669,704
Cashflow Available for Debt Service	\$ 62,364,136	\$ 55,364,243	\$ 56,036,940	\$ 53,742,323	\$ 49,351,060

⁽¹⁾ The Actual Historical Cashflows do not contain certain non-cash adjustments for movements in working capital balances from period to period. The historical cashflows are not intended and do not present the financial information in accordance with generally accepted accounting principles of the United States of America.

The Manager has prepared the following schedule (the “*Bridge Schedule*”) to present a reconciliation between selected financial information from the Statement of Operations of the CAC consolidated financial statements for the year ended June 30, 2011 that have been audited by PricewaterhouseCoopers LLP (included in “PART V – APPENDIX G – FINANCIAL STATEMENTS OF CARGO ACQUISITION COMPANY, LLC AND INDEPENDENT AUDITORS’ REPORT FOR FISCAL YEARS ENDED JUNE 30, 2009, 2010 AND 2011; UNAUDITED FINANCIAL INFORMATION THROUGH THE FISCAL QUARTER ENDED MARCH 31, 2012” hereto) and the presentation of Actual Historical Cashflows (unaudited) for the Obligated Group set forth under the sub-heading “– Actual Historical Cash Flows” above. The Bridge Schedule demonstrates an overview of how the audited financial statements can be reconciled to the historical cash available for debt service as calculated by the Manager. The notes included with the Bridge Schedule explain the adjustments required for this reconciliation.

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BRIDGE SCHEDULE:

Bridge from the Cargo Acquisition Company, LLC Audited Consolidated Statement of Operations for the year ending June 30, 2011 to the 2011 Actual Historical Cash Flows (Unaudited) of the Obligated Group

	2011 Audited Numbers Note 1	Non-Cash GAAP Adjustments Note 2	Excluded Entities Note 3	Inter- company Transactions Note 4	Presentation Reclassifications Note 5	Actual Historical Cash Flows	
Revenues							
Rental	\$ 75,220,437	\$ (765,128)	\$ (4,049,077)	\$ 351,054	\$ 342,889 ⁽¹⁾	\$ 71,100,175	Rental
Tenant Recovery Income	29,342,957		(1,513,543)		324,291 ⁽¹⁾	28,153,705	Tenant Recovery Income
Other Income	667,180				(667,180) ⁽¹⁾		
Recovery of Bad Debt	389,729				(389,729) ⁽²⁾		
Total Revenues	<u>\$ 105,620,303</u>					<u>\$ 99,253,880</u>	
Expenses							
Ground and Facility Rent	\$ 27,440,379	(2,974,439)	(1,390,659)	351,054		\$ 23,426,335	Ground and Facility Rent
Operating	12,287,771	62,562	(11,116)		(389,729) ⁽²⁾		
					1,472,450 ⁽³⁾		
					(4,793,487) ⁽⁴⁾	8,628,451	General Building
					4,793,487 ⁽⁴⁾	4,793,487	Utilities
Property Management	3,784,909		(111,904)			3,673,005	Property Management
Real Estate Taxes and Insurance	5,075,141		(84,862)		(3,916,321) ⁽⁵⁾	1,073,958	Insurance
					3,916,321 ⁽⁵⁾	3,916,321	Real Estate Taxes
General and Administrative	1,799,617		(327,167)		(1,472,450) ⁽³⁾		
Depreciation and Amortization	<u>40,090,114</u>	(38,103,134)	(1,986,980)				
Total Expenses	<u>\$ 90,477,931</u>					<u>\$ 45,511,557</u>	
						<u>\$ 53,742,323</u>	Cash flow Available for Debt Service

Note 1 Selected financial information from the Statement of Operations of the Cargo Acquisition Company, LLC Consolidated Financial Statements for the year ended June 30, 2011.

Note 2 The non-cash GAAP adjustments consists of the following:
- Removal of amortization related to above market and below market lease intangibles
- Removal of straight-line adjustments to rental income and ground and facility rent expense
- Removal of amortization related to above market and below market ground leases intangibles

Note 3 This column removes the revenues and expenses from the 2011 Cargo Acquisition Company, LLC consolidated financial statements for the year ending June 30, 2011 for certain subsidiaries and divisions that are not included in the TrIPs Obligated Group as follows:
- Cargo Acquisitions Company, LLC administrative divisions
- Aero Austin, LP
- Aero Miami FX, LLC
- Aero Nashville, LLC
- Aero St. Louis, LLC

Note 4 Reversal of the 2011 consolidation elimination entry to show the gross revenues and expenses relating to certain ramp lease expenses and fees charged between Miami I to Miami II during the year.

Note 5 The following reclassifications for presentation purposes are required to bridge the audited statement of operations with the Actual historical cash flow presentation:

- (1) Reclass a lease termination fee and insurance recovery proceeds to rental and tenant recovery income, respectively.
- (2) Reclass to group recovery of bad debt revenue with general building expenses.
- (3) Reclass to group general and administrative expenses with general building expenses.
- (4) Reclass to disclose utilities separately from general building expenses.
- (5) Reclass to disclose insurance separately from real estate taxes.

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COMMON SECURITY FOR OBLIGATED GROUP

General

All obligations of the Obligated Group, including the Senior Notes and the Subordinate Notes, will be secured through a shared security interest in the Mortgages, the Gross Revenues and certain funds and accounts held under the Master Indenture.

Mortgages

To further secure the joint and several obligations of the Obligated Group to repay all Obligations issued pursuant to the Master Indenture, including, without limitation, the Senior Notes and the Subordinate Notes, certain Members will enter into a Mortgage pursuant to which such Member grants to the Master Trustee all of its interest in the fee estate or in the leasehold or subleasehold estate granted to such Member under its Ground Lease(s), and its interest as landlord under the Tenant Lease(s), and a security interest in certain personal property situated on the premises and used in the operation of its Facility. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – THE OBLIGATED GROUP AND THE GROUP REPRESENTATIVE – The Initial Members and Facilities” herein. In the Mortgage(s) to which it is a party, if any, each Member collaterally assigns and transfers to the Master Trustee all the leases pertaining to the mortgaged Facility including, but not limited to, the Tenant Leases and all the rents and revenues such Member receives in connection with any lease, sublease or other agreement for the occupancy or use of all or any part of its mortgaged Facility.

Under the Master Indenture, the security interest created under the Mortgages with respect to all Senior Obligations of the Obligated Group, including, without limitation, the Senior Notes, is superior to the security interest with respect to the Subordinate Class A Obligations of the Obligated Group. The security interest created under the Mortgages with respect to all Subordinate Class A Obligations, including, without limitation, all the Subordinate Class A Notes, is superior to the security interest with respect to the Subordinate Class B Obligations.

The Mortgages secure Obligations of the Members under the Master Indenture and because such Obligations are joint and several, each Mortgage secures all Obligations of the Obligated Group under the Master Indenture. Therefore, an Event of Default under the Master Indenture is also an Event of Default under each Mortgage that would entitle the Master Trustee to exercise remedies under any or all Mortgages, including proceeding with foreclosure and enforcing the assignment of rents included in the Mortgages.

For a description of certain provisions of the Mortgages, see “PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE MORTGAGES.”

The Mortgages on the leasehold interests in the Ground Leases expire when the related Ground Lease expires, which in many instances is prior to the final maturity of either series of the Offered Bonds. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – THE FACILITIES, MANAGEMENT AND THE TENANTS.” The maturity schedules of the Offered Bonds have been structured to take into account the scheduled Ground Lease expiration dates. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – CERTAIN RISK FACTORS – Risks Arising Under the Ground Leases.”

Master Indenture – Gross Revenue Pledge

The obligations of the Members of the Obligated Group are joint and several and are jointly secured by the pledge of the Gross Revenues of the Obligated Group. The term “*Gross Revenues*” shall mean all operating and non-operating revenues, receipts and income of each Member (provided that distributions to the Group Representative from the Facility Surplus Fund shall not constitute Gross Revenues) and all rights to receive the same, whether in the form of accounts receivable, contract rights, chattel paper, instruments, general intangibles or other rights and all proceeds thereof, including insurance proceeds and condemnation awards, whether now existing or hereafter coming into existence and whether now owned or hereafter acquired and all amounts contributed to the capital of a Member by its owners and including, without limitation, Net Revenues from Additional Properties.

The Master Indenture requires that all Members deposit with the Master Trustee all their respective Gross Revenues (other than an amount needed to make the next monthly Ground Lease rent payment (or, in the case of Ground Lease rents due less frequently than monthly, 1/12 of the amount coming due in the next year)) within five (5) days of receipt. The Master Trustee is required to deposit all Gross Revenues it receives to the Revenue Fund established under the Master Indenture and use such funds to pay Operating and Maintenance Expenses (including management fees), pay Obligations, including Senior Notes and Subordinate Notes, and fund a debt service reserve fund, including the applicable Debt Service Reserve Fund should it be deficient. The Master Trustee is obligated to use Gross Revenues, without regard to source, to make deposits and payments for the Operating and Maintenance Expenses and Obligations of all of the Members. See “– Flow of Funds” below.

Pursuant to the Master Indenture, each of the Members of the Obligated Group has agreed to a number of covenants which will affect their business operations. See “PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE” for a description of certain provisions of the Master Indenture governing, among other things, covenants of the Obligated Group and events of default.

Each of the NYC IDA Trustee, as holder of Senior Note No. 1, and the PFA Trustee, as holder of Senior Note No. 2, Senior Note No. 3, Senior Note No. 4 and both of the Subordinate Class B Notes, issued pursuant to the Master Indenture, is entitled to rely on and benefit from the covenants, restrictions and obligations imposed on the Members of the Obligated Group.

UNDER THE MASTER INDENTURE, GROSS REVENUES OF THE OBLIGATED GROUP HELD BY THE MASTER TRUSTEE WILL BE APPLIED TO SATISFY PAYMENT OBLIGATIONS, ON A PARITY BASIS, OF THE JFK MEMBER AND THE PFA MEMBERS UNDER THE RESPECTIVE FINANCING AGREEMENTS AND OTHER SENIOR OBLIGATIONS, SUBORDINATE CLASS A OBLIGATIONS AND SUBORDINATE CLASS B OBLIGATIONS ISSUED UNDER THE MASTER INDENTURE WITHOUT PREFERENCE OR PRIORITY OF ONE OBLIGATION OVER ANOTHER OBLIGATION EXCEPT THAT (I) EACH AND EVERY SENIOR OBLIGATION SHALL HAVE PRIORITY AND PREFERENCE OVER EACH AND EVERY SUBORDINATE OBLIGATION (OF EITHER CLASS) AND (II) EACH AND EVERY SUBORDINATE CLASS A OBLIGATION SHALL HAVE PRIORITY AND PREFERENCE OVER EACH AND EVERY SUBORDINATE CLASS B OBLIGATION. IN THE EVENT GROSS REVENUES ARE NOT SUFFICIENT TO SATISFY EACH MEMBER’S PAYMENT OBLIGATION UNDER THE FINANCING AGREEMENTS, AN EVENT OF DEFAULT BY ANY MEMBER UNDER ANY FINANCING AGREEMENT, MORTGAGE OR INDENTURE CONSTITUTES AN EVENT OF DEFAULT UNDER THE MASTER INDENTURE AND UNDER EACH MORTGAGE, WHICH MAY RESULT IN ACCELERATION OF ALL OR A PORTION OF THE OFFERED BONDS. THE NYC IDA INDENTURE PROVIDES THAT IN THE CASE OF AN EVENT OF DEFAULT (UPON THE WRITTEN REQUEST OF THE HOLDERS OF MORE THAN TWENTY-FIVE PERCENT (25%) OF THE OUTSTANDING PRINCIPAL AMOUNT OF THE SERIES 2012A NYC IDA BONDS), THE PRINCIPAL AND INTEREST ON THE SERIES 2012A NYC IDA BONDS SHALL BECOME IMMEDIATELY DUE AND PAYABLE. THE PFA INDENTURE PROVIDES THAT IN THE CASE OF (I) AN EVENT OF DEFAULT RELATING TO THE PAYMENT OF PRINCIPAL OR REDEMPTION PRICE OF, IF APPLICABLE, SINKING FUND INSTALLMENTS, OR INTEREST ON THE SERIES 2012 PFA BONDS, OR (II) ANY OTHER EVENT OF DEFAULT (UPON THE WRITTEN REQUEST OF THE HOLDERS OF MORE THAN TWENTY-FIVE PERCENT (25%) OF THE OUTSTANDING PRINCIPAL AMOUNT OF SUCH SERIES 2012 PFA BONDS), THE PRINCIPAL AND INTEREST ON SUCH SERIES 2012 PFA BONDS SHALL BECOME IMMEDIATELY DUE AND PAYABLE.

Flow of Funds

Under the Master Indenture, the Master Trustee is to establish and maintain the following Funds: the Revenue Fund, the Current Operations Fund, the Tenant Improvement Fund, the Debt Service Fund, the Maintenance Reserve Fund, the Facility Surplus Fund, the Rebate Fund, and the Renewal Fund. The Revenue Fund shall include a General Account and a Prepaid Rent Account. The Debt Service Fund will consist of a Payment Account and a Special Redemption Account. No amounts will be initially deposited into the Maintenance Reserve Fund. Deposits shall be made into the Maintenance Reserve Fund in the event Aeroterm US, Inc., as the initial Manager, decides in its sole but reasonable discretion to make deposits to the Maintenance Reserve Fund in accordance with the Master Indenture.

The Master Trustee will withdraw and pay or deposit from the amounts on deposit in the Revenue Fund without regard to whether the JFK Member or which PFA Member provided which Gross Revenues, as discussed herein. Amounts held in the Revenue Fund will be paid or deposited by the Master Trustee on or before the 15th day of each month in the following order of priority:

(i) to the Master Trustee and each of the NYC IDA Trustee and PFA Trustee amounts equal to all fees or expenses which are then due and payable to such Person;

(ii) to the Rebate Fund the amount necessary to make up any established deficiency in any account of the Rebate Fund;

(iii) to the appropriate account in the Current Operations Fund, an amount equal to the Operation and Maintenance Expenses (not designated by the Group Representative to be paid from the Maintenance Reserve Fund) for each Member for the current month as requested by the Group Representative (less amounts set aside to pay Ground Lease rental payments due that month or (in the case of Ground Lease rentals due less frequently than monthly) 1/12th of the amount coming due in the next year which are held by or have been paid directly by the Members); provided, however, that the Master Trustee (1) shall not in any month deposit to the Current Operations Fund an amount to pay Operation and Maintenance Expenses of the Members which is reasonably expected to cause the projected annual Operation and Maintenance Expenses for the Members of the Obligated Group to exceed the Budgeted Operation and Maintenance Amount as set forth in the annual budget (as delivered pursuant to the Master Indenture) for the then current Fiscal Year by more than ten percent (10%); and (2) shall not pay Operation and Maintenance Expenses for the Members which exceed budgeted monthly Operation and Maintenance Expenses as approved in such budget for such month by more than twenty percent (20%), unless the Group Representative certifies that such costs are consistent with normal operations and maintenance requirements;

(iv) to the Debt Service Fund, an amount sufficient to make all Required Monthly Deposits and to remedy any prior deficiencies relating to previously Required Monthly Deposits not being made in full, with respect to the Senior Obligations (amounts deposited pursuant to this clause shall be credited first against any previously due and unpaid Required Monthly Deposit with respect to the Senior Obligations, in order of past due date);

(v) to the appropriate account of the Debt Service Reserve Fund established under the Related Financing Documents for each series of Senior Bonds (including the Offered Bonds), an amount sufficient to make the balance in each such Debt Service Reserve Fund equal the Debt Service Reserve Fund Requirement therefor;

(vi) to the Debt Service Fund, an amount sufficient to make all Required Monthly Deposits and to remedy any prior deficiencies relating to previously Required Monthly Deposits not being made in full with respect to the Subordinate Class A Obligations (amounts deposited pursuant to this clause shall be credited first against any previously due and unpaid Required Monthly Deposit with respect to the Subordinate Class A Obligations);

(vii) to the appropriate account of the Debt Service Reserve Fund established under the Related Financing Documents for each series of Subordinate Class A Bonds, an amount sufficient to make the balance in each such Debt Service Reserve Fund equal the Debt Service Reserve Fund Requirement therefor;

(viii) (A) to the Maintenance Reserve Fund, only after the requirements set forth in the Master Indenture (and described below) have been fully satisfied, transfer to the Maintenance Reserve Fund an amount equal to 1/12th of the Annual Maintenance Reserve Fund Deposit and (B) transfer to the appropriate account of the Tenant Improvement Fund the amount required to fund 1/24th of the Current Estimated Tenant Improvement Requirement, unless the amounts in the Tenant Improvement Fund equal or exceed the Current Estimated Tenant Improvement Requirement;

(ix) only after the requirements set forth in the Master Indenture (and described below) have been fully satisfied, to the Debt Service Fund, an amount sufficient to make all Required Monthly Deposits and to remedy any prior deficiencies relating to previously Required Monthly Deposits

not made in full, with respect to Subordinate Class B Obligations; amounts deposited pursuant to this clause shall be credited first against any previously due and unpaid Required Monthly Deposit with respect to the Subordinate Class B Obligations in order of past due date; and

(x) only after the requirements set forth in the Master Indenture (and described below) have been fully satisfied, to the Facility Surplus Fund, the balance, if any, of such moneys after making the payments or deposits required under clauses (i) through (ix) above.

Transfers pursuant to (viii), (ix) and (x) above are not to be made until the following additional transfers are first made from excess amounts remaining in the Revenue Fund after the transfers described in (i) through (vii) above: *first*, to the Current Operations Fund to the extent required to make the amount therein equal the Budgeted Operation and Maintenance Expenses of all Members (not designated by the Group Representative to be paid from the Maintenance Reserve Fund) for the next six (6) months (counting the current month as one of the months), and *second*, subject to certain provisions of the Master Indenture, the Payment Account to the extent required to make the amount therein equal to the total of the Scheduled Debt Service with respect to the Senior Obligations and the Subordinate A Obligations coming due (and not yet paid or transferred to the Bond Trustees) on or before the next January 1 or July 1, whichever comes first (and counting as due on each such date at least half of the annual principal and sinking fund payments due on all Series 2012 Bonds).

Upon the acceleration of the principal of all Senior Obligations or all Obligations pursuant to the Master Indenture, the Master Trustee shall immediately transfer all amounts in the Revenue Fund over to the Debt Service Fund for payment of debt service on such Senior and other Obligations.

Distributions to the Obligated Group

Upon delivery to the Master Trustee by the Group Representative of a Qualified Distribution Notice (as defined below), and so long as there is no Event of Default continuing, all moneys in the Facility Surplus Fund not required to be transferred to any other Fund in accordance with the Master Indenture shall be remitted promptly to (or upon the direction of) the Group Representative.

The Group Representative may deliver to the Master Trustee on a quarterly basis, a notice (a “*Qualified Distribution Notice*”) in which the Group Representative shall certify and provide evidence that certain requirements are met as follows:

(i) certify and provide copies of the Senior Debt Service Coverage Ratio for the twelve months immediately prior to the fiscal quarter end pursuant to the Master Indenture demonstrating that such Senior Debt Service Coverage Ratio equals or exceeds 1.30;

(ii) certify and provide copies of the Projected Senior Debt Service Coverage Ratio for the twelve months immediately following the fiscal quarter end delivered pursuant to the Master Indenture demonstrating that such Projected Senior Debt Service Coverage Ratio equals or exceeds 1.30;

(iii) certify that no Event of Default has occurred and is continuing under the Master Indenture; and

(iv) certify that all requirements (including all transfers to other Funds required by the Master Indenture) that must be satisfied before amounts may be transferred to the Facility Surplus Fund for the immediately prior month have been so satisfied.

Payment of Ground Rent/Ground Leases Are Principal Asset

Certain of the Facilities are located on land the fee interest in which is owned by governmental units and leased to the Member pursuant to the related Ground Lease. The Mortgages relating to such Facilities are leasehold mortgages and, as such, will be extinguished upon expiration or termination of the applicable Ground Lease. See “PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE GROUND LEASES” for a description of the provisions of each Ground Lease with respect to term, extensions of term, rentals and default provisions. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – PROJECTED CASH FLOWS – Discussion of Projected Cash Flows” for a discussion of the structuring of debt service on the Offered Bonds based upon expiration of Ground Leases. The

Tenant Leases, the primary source of revenues of the Obligated Group for the payment of the Offered Bonds, are leases or subleases of each Member's leasehold or subleasehold interest in its related Facility pursuant to the applicable Ground Lease.

Pursuant to the Master Indenture, the Members that own a Facility subject to a Ground Lease are required to pay or set aside to pay, the amounts owed to the lessor under the Ground Lease before delivering the remaining Gross Revenues to the Master Trustee. This reduces the potential delay resulting from transfers to and from the Master Trustee and makes timely payment of Ground Lease rent more easily completed. If for any reason Ground Lease rent exceeds the Gross Revenues collected and not remitted by a Member to the Master Trustee, the Member will be expected to request that the Master Trustee deliver sufficient Gross Revenues from the Current Operations Fund in an amount sufficient to make up any shortfall. If a Member fails to pay rent under its Ground Lease when due or otherwise fails to perform its obligations under its Ground Lease, the lessor under such Ground Lease may terminate the Ground Lease. Any such termination would result in the loss of rental income from the Tenant Leases for such Facility. See "PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – CERTAIN RISK FACTORS – Risks Arising under Ground Leases" and "PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE GROUND LEASES."

THE MEMBERS OF THE OBLIGATED GROUP HAVE NO SIGNIFICANT ASSETS OTHER THAN FEE INTERESTS IN CERTAIN FACILITIES, THE GROUND LEASES IN CERTAIN FACILITIES AND THE TENANT LEASES, AND PAYMENT OF THE OFFERED BONDS IS THEREFORE DEPENDENT UPON REVENUES GENERATED BY THE TENANT LEASES. FURTHER, THE TERMS OF ALL OF THE CURRENT TENANT LEASES EXPIRE PRIOR TO THE FINAL MATURITY DATE OF EITHER SERIES OF THE OFFERED BONDS. PROSPECTIVE INVESTORS SHOULD READ "PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – CERTAIN RISK FACTORS" FOR A DESCRIPTION OF CERTAIN RISKS WHICH MAY AFFECT THE ABILITY OF THE OBLIGATED GROUP TO GENERATE SUCH REVENUES.

Ground Lease Consents and Estoppels

On or prior to the issuance of the Offered Bonds, the ground lessor of each Facility ground leased to a Member is expected to execute and deliver a consent and/or estoppel relating to the proposed leasehold mortgage on the applicable Facility. The form of each consent and/or estoppel varies depending on the requirements of each Ground Lease and the mortgagee protection provisions contained therein; however, the consents and/or estoppels generally provide recognition, among other things, that the applicable ground lessor recognizes the Master Trustee as a recognized or approved mortgagee under the related Ground Lease, entitled to the mortgagee protection provisions contained in the related Ground Lease or in the consent and/or estoppel.

In connection with the JFK Facilities, which are the subject of two Ground Leases (the "*JFK Ground Leases*") from the Port Authority to the JFK Member, (w) the JFK Member will sublease the JFK Facilities to the NYC IDA (the "*Company Sublease*"), (x) the NYC IDA will sell and assign its interest in the JFK Facilities under the Company Sublease to the JFK Member pursuant to the NYC IDA Installment Sale Agreement, (y) the JFK Member and the NYC IDA will grant a mortgage to the Master Trustee of their respective interests under the JFK Ground Leases and the Company Sublease, and (z) the NYC IDA will issue the Series 2012A NYC IDA Bonds pursuant to the NYC IDA Indenture. On or prior to the issuance of the Series 2012A NYC IDA Bonds, the Port Authority is expected to execute and deliver a consent agreement with each of the JFK Member, the NYC IDA, the NYC IDA Trustee and the Master Trustee (the "*Port Authority JFK Consent*"), pursuant to which the Port Authority will consent to the above and which will provide, in part, that, notwithstanding such consent, (i) the above financing documents are subject and subordinate to the terms of the JFK Ground Leases, (ii) the terms of the JFK Ground Leases shall control in the event of any inconsistency with such financing documents, (iii) the Port Authority Consent and the consent granted thereunder terminate upon, among other events, the JFK Member ceasing to be a Member of the Obligated Group, (iv) no amendment to any such financing documents (including the Master Indenture) shall be effective with respect to the JFK Facilities without the consent of the Port Authority and (v) any breach of the Port Authority Consent will allow the Port Authority to terminate the JFK Ground Leases.

In addition, in connection with the Aero Newark, LLC Facility (the "*Newark Facility*"), the Port Authority is expected to execute and deliver a consent agreement in form similar to the Port Authority JFK Consent, which will provide, in part, that (i) the PFA Indenture, the PFA Loan Agreement, the Aero Newark, LLC Mortgage and the

Master Indenture are subject and subordinate to the terms of the Aero Newark, LLC Ground Lease (the “*Newark Ground Lease*”), (ii) the terms of the Newark Ground Lease shall control in the event of any inconsistency with such documents, (iii) no amendment to any such documents shall be effective with respect to the Newark Facility without the consent of the Port Authority and (iv) any breach of such consent agreement will allow the Port Authority to terminate the Newark Ground Lease.

Additional Bonds/Additional Obligations

The Master Indenture, the NYC IDA Indenture and the PFA Indenture include provisions to allow the Members, and any new Members, to complete additional financings and refinancings but no Member may issue more Indebtedness of any kind (including additional bond-related debt) except in accordance with the requirements of the Master Indenture either through the issuance of Additional Obligations thereunder or in very limited cases, through other Indebtedness.

Each of the NYC IDA Indenture and the PFA Indenture provide that additional bonds ranking on a parity with the respective Series 2012A NYC IDA Bonds or the Series 2012B PFA Bonds may be issued upon satisfaction of certain conditions set forth in such Indenture. Additional Bonds issued under the PFA Indenture may include Senior Bonds, Subordinate Class A Bonds and Subordinate Class B Bonds for the following purposes: (i) to acquire, construct, renovate or rehabilitate or improve new or expanded PFA Facilities of the PFA Member receiving the proceeds of such Bonds located at the airport at which its PFA Facility is located; (ii) to pay the cost of refunding through redemption of any Outstanding Bonds issued under the PFA Indenture; or (iii) to pay the cost of refunding through redemption any other Indebtedness of the Members of the Obligated Group. Members may also issue bonds from time to time through other conduit issuers other than the NYC IDA or the Authority in some cases without the consent of Bondholders but only in accordance with the provisions of the Master Indenture. **Each issuance of Additional Bonds will result in the issuance of a corresponding series of Additional Obligations under the Master Indenture, which may only be accomplished if the requirements described below are met.**

Each of the NYC IDA Indenture and the PFA Indenture require, as a prerequisite to the issuance of any Additional Bonds, the delivery of a Confirmation of Rating (confirming that the rating or ratings on the Series 2012A NYC IDA Bonds or the Series 2012B PFA Bonds, as the case may be, issued thereunder, will not be reduced or withdrawn as a result of the issuance of such Additional Bonds) and certain other items, including all items required by the Master Indenture in connection with the issuance of Additional Obligations. For a description of the other items required to be delivered in connection with the issuance of Additional Bonds, see “PART III – OFFICIAL STATEMENT FOR THE 2012A NYC IDA BONDS – APPENDIX B – Summary of Certain Provisions of the NYC IDA Indenture” and “PART IV – OFFICIAL STATEMENT FOR THE 2012B PFA BONDS – APPENDIX B – Summary of Certain Provisions of the PFA Indenture” hereof.

Members of the Obligated Group may finance the acquisition, construction, renovation, rehabilitation and improvement of additional Facilities through the issuance of Additional Obligations by an existing or a new Member of the Obligated Group, which would own the fee or leasehold interest in such Facility. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – THE OBLIGATED GROUP AND THE GROUP REPRESENTATIVE – Additional Members.” Any such issuance of Additional Obligations may be accompanied by a corresponding issuance of Additional Bonds or may secure other Indebtedness.

Members of the Obligated Group may not become indebted on any Indebtedness except as permitted by the Master Indenture. A Member (including Members joining the Obligated Group after the Series 2012 Senior Bonds have been issued) may issue Additional Obligations under the Master Indenture, consisting of additional (i) Senior Notes on a parity with its existing Senior Notes and senior to Subordinate Class A Notes and Subordinate Class B Notes, (ii) Subordinate Class A Notes on a parity with other Subordinate Class A Notes, senior to all Subordinate Class B Notes and subordinate to all Senior Notes and (iii) Subordinate Class B Notes on a parity with other Subordinate Class B Notes and subordinate to all Senior Notes and Subordinate Class A Notes, upon meeting the requirements of the Master Indenture. Such Additional Obligations may correspond to an issuance of Additional Bonds under the NYC IDA Indenture, on a parity with the Series 2012A NYC IDA Bonds, and under the PFA Indenture, on a parity or subordinate with the Offered Bonds. See “PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Additional Indebtedness – General Provisions” and “Appendix B – SUMMARY OF CERTAIN PROVISIONS OF THE PFA INDENTURE” attached to “PART IV” herein.

No Member of the Obligated Group shall be permitted to incur additional Indebtedness consisting of additional Senior Obligations on a parity with its existing Senior Notes and senior to Subordinate Class A Notes and Subordinate Class B Obligations (whether through the issuance of new Indebtedness, including Additional Obligations, the assumption of existing Indebtedness or the guaranteeing of any new or existing Indebtedness), except Indebtedness incurred to purchase personal property secured by a purchase money security interest as permitted by the Master Indenture unless, as of the date of such incurrence, the Master Trustee shall have received, among other things: (i) an Officer's Certificate of the Group Representative with a detailed internal report demonstrating and concluding that, (A) following incurrence of the contemplated Indebtedness, the Projected Senior Debt Service Coverage Ratio is projected or forecasted to be at least equal to 1.50, during the period being the first three full Fiscal Years immediately following the issuance of the contemplated Indebtedness and (B) the Senior Debt Service Coverage Ratio during the last full Fiscal Year immediately prior to the incurrence of the Indebtedness in question, was no less than 1.40 (notwithstanding the foregoing, if an historical ratio is required to be calculated pursuant to this paragraph during the first year following issuance of the initial Obligations under the Master Indenture, such testing shall be based on an annualization of the period from such issuance until the date for which the coverage is to be computed); and (ii) the Master Trustee shall have received, among other things, an Officer's Certificate of the Group Representative with a detailed internal report demonstrating and concluding that, (A) following incurrence of the contemplated Indebtedness, the Projected Debt Service Coverage Ratio is projected or forecasted to be at least equal to 1.25 during the period being the first three full Fiscal Years immediately following the incurrence of the contemplated Indebtedness and (B) the Debt Service Coverage Ratio during the last full Fiscal Year immediately prior to the incurrence of the contemplated Indebtedness was no less than 1.25 (notwithstanding the foregoing, if an historical ratio is required to be calculated pursuant to this paragraph during the first calendar year following issuance of the initial Obligations under the Master Indenture, such testing shall be based on an annualization of the period from such issuance until the date for which the coverage is to be computed).

However, the Officer's Certificate described above shall not be required:

(i) in the case of Indebtedness incurred to complete any construction (including renovations) for which other Indebtedness has previously been incurred in compliance with the above paragraph, if the Master Trustee receives an Officer's Certificate to the effect that the construction to be completed is of substantially the same type and scope as was contemplated at the time of the previous incurrence, that the cost of completion of the subject Project or other property does not exceed ten percent (10%) of the principal amount of Indebtedness originally issued to finance such Project and that the proceeds of the Indebtedness to be incurred, and other available moneys, are sufficient to pay the estimated cost of completing such construction;

(ii) in the case of Indebtedness incurred for the purpose of refinancing, repurchasing or refunding other Indebtedness, if the Master Trustee receives (a) an official action of the Governing Person of the applicable Member finding that such refinancing, repurchasing or refunding is in the best interests of the applicable Member and (b) an Officer's Certificate from the Group Representative demonstrating and concluding that, after giving effect to the issuance of such Indebtedness and the application of the proceeds thereof, the Maximum Annual Debt Service Requirements on all Indebtedness will not exceed the Maximum Annual Debt Service Requirements on all Indebtedness prior to such refinancing, repurchasing or refunding by more than ten percent (10%); and

(iii) in the case of the issuance of a Credit Facility in support of any Indebtedness which is properly incurred under the Master Indenture or in the case of any drawing under such Credit Facility to pay amounts due under the Indebtedness supported thereby.

Unless an Officer's Certificate of the Group Representative is delivered to the Master Trustee together with appraisals or a valuation report showing that the value of all Mortgaged Properties and all Facilities that are subject to a mortgage or deed of trust in favor of the Master Trustee, equals or exceeds the Indebtedness secured by the Master Indenture, the Master Trustee shall receive a mortgage on some or all of the property to be financed in excess of the Outstanding amount of the Indebtedness under the Master Indenture.

For a description of other items required to be delivered in connection with the incurrence of any additional Indebtedness, see "PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Additional Indebtedness – General Provisions."

Rate Covenant

Debt Service Coverage Ratio. The Obligated Group shall use all commercially reasonable efforts to jointly maintain a Debt Service Coverage Ratio of at least 1.25 for each applicable test period specified in “– Testing Compliance” below; *provided, however*, that notwithstanding any other provision of any Financing Agreement, the failure of the Members of the Obligated Group to maintain a Debt Service Coverage Ratio shall not be deemed to constitute an Event of Default under the Master Indenture, so long as (i) the Obligated Group takes all commercially reasonable action to comply with the procedures for preparing and implementing a report for correcting such deficiency and (ii) if the Debt Service Coverage Ratio tested in accordance with “– Testing Compliance” below, as of the end of any fiscal quarter, is less than 1.0, the owners of the Members shall have made contributions to the Members or otherwise caused the Debt Service Coverage Ratio to be at least 1.0 within five (5) Business Days of the applicable test date, as evidenced by a new Officer’s Certificate of the Group Representative.

Testing Compliance. In order to measure compliance with the covenant set forth in “– Debt Service Coverage Ratio” above, the Debt Service Coverage Ratio shall be calculated (and certified as so calculated) in accordance with the requirements of the definition thereof, by the Group Representative and reported (i) annually (as of the end of each Fiscal Year) for such Fiscal Year and (ii) quarterly (as of the end of each quarter of the Fiscal Year) for the twelve month period ending on the last day of such quarter. Each annual testing shall be performed within one hundred twenty (120) days of the end of the Fiscal Year on the basis of the annual audited financial statements of the Members for such Fiscal Year. Each quarterly testing shall be performed within forty-five (45) days of the end of the applicable quarter and shall be based upon the unaudited financial reports for the immediately preceding four quarters.

Failure to Maintain Debt Service Coverage Ratio. If the actual Debt Service Coverage Ratio is less than 1.25 (i) as of any quarterly testing date or (ii) as of the end of a Fiscal Year, then, within one hundred twenty (120) days of receipt of the certification showing such deficiency, the Group Representative shall deliver to the Master Trustee, the NYC IDA Trustee and the PFA Trustee and post to the Electronic Municipal Market Access (“EMMA”) website, an Independent Consultant’s report setting forth in detail the reasons for such deficiency and recommending a specific plan designed to achieve a Debt Service Coverage Ratio of 1.25 in the following Fiscal Year (which plan may include a recommendation that one or more Members retain a different Manager). Such report and plan shall be prepared and implemented pursuant to “– Reports” below.

In addition, if the Senior Debt Service Coverage Ratio or the Projected Senior Debt Service Coverage Ratio has been below 1.30 for eight consecutive fiscal quarters, the Group Representative is required to deliver to the Master Trustee a Notice of Reserve Fund Increase, and, thereupon the Debt Service Reserve Requirement with respect to each Series of Senior Bonds shall increase from fifty percent (50%) of the maximum annual debt service requirements for such Series of Bonds to 100% of the maximum annual debt service requirements for such Series of Bonds, subject to federal tax limitations on reserve funds for Tax Exempt Bonds. At any time following delivery of a Notice of Reserve Fund Increase, if the Senior Debt Service Coverage Ratio and the Projected Senior Debt Service Coverage Ratio has been above 1.30 for twenty (20) consecutive fiscal quarters, a Notice of Reserve Fund Decrease shall be delivered and the Debt Service Reserve Fund Requirement shall revert to an amount equal to fifty percent (50%) of the maximum annual debt service requirements for such series of Series 2012 Bonds, subject again to the federal tax limitations on reserve funds for the Tax Exempt Bonds. See “PART III – OFFICIAL STATEMENT FOR THE SERIES 2012A NYC IDA BONDS – Security and Sources of Payment for the Series 2012A NYC IDA Bonds” and “PART IV – OFFICIAL STATEMENT FOR THE SERIES 2012B PFA BONDS – Limited Obligations, Pledge of Trust Estate; Certain Funds Held by the PFA Trustee.”

Reports. Whenever the Group Representative is required pursuant to the above paragraph to deliver an Independent Consultant’s report, the Group Representative shall cause such report to be prepared and shall adopt such report within the applicable time limit prescribed. Such report shall be prepared by an Independent Consultant, shall be in writing and shall contain sufficient detail to support the conclusions made concerning the reasons for the deficiency and the steps to be taken for its correction. Each such report must be acknowledged in writing by the Group Representative and each affected Member (although concurrence in every conclusion or recommendation in the report and plan shall not be required). Each such report and plan shall be implemented immediately upon its adoption except to the extent limited by law or existing contracts and except for such recommendations (i) the implementation of which the Group Representative or an affected Member shall have determined by internal official action are unreasonable, impractical or not feasible and (ii) the omission of which does not, in the reasonable judgment of the Independent Consultant, prevent the implementation of other recommendations sufficient in the aggregate to enable the Obligated Group to attain the Debt Service Coverage Ratio covenanted as described in the

paragraph above by the end of the quarter during which the six-month anniversary of the date of implementation of the plan occurs (or such longer time as the Independent Consultant projects to be necessary). Any plan that does not meet the requirements of the preceding sentence shall within forty-five (45) days be amended to meet such requirements or be replaced with a substitute plan meeting such requirements. Copies of each such report and plan shall be sent to the Master Trustee, the NYC IDA Trustee and the PFA Trustee and posted to the EMMA website.

Membership Interest Pledge Agreements

Pursuant to a TriPs Membership Interest Pledge and Security Agreement, dated as of September 1, 2012 (the “*TriPs Membership Pledge Agreement*”), from TriPs to the Master Trustee, as security for the Obligations issued under the Master Indenture, TriPs will pledge and grant to the Master Trustee a security interest in all of its present and future interests in the Initial Members, including its limited liability company interests or limited partnership interests, as applicable, in each of the Initial Members (the “*Member Pledged Interests*”) and all dividends, distributions, cash, warrants, rights, instruments and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for the Member Pledged Interests (collectively, the “*Member Pledged Membership Collateral*”).

In addition, pursuant to a separate CalEast Membership Interest Pledge and Security Agreement, dated as of September 1, 2012 (the “*CalEast Membership Interest Pledge Agreement*” and together with the TriPs Membership Pledge Agreement, each a “*Membership Pledge Agreement*”) from CalEast CAC, LLC (“*CalEast CAC*”), and together with TriPs, each a “*Pledgor*”) to the Master Trustee, CalEast will pledge and grant to the Master Trustee a security interest in all of its present and future interest in TriPs, including its limited liability company interests in TriPs (the “*TriPs Pledged Interests*”) and all dividends, distributions, cash, warrants, rights, instruments and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for the TriPs Pledged Interests (collectively, the “*TriPs Pledged Membership Collateral*”, and together with the Member Pledged Membership Collateral, the “*Pledged Membership Collateral*”).

Pursuant to each of the Membership Pledge Agreements:

(a) As security for the due payment and performance of all Obligations under the Master Indenture, each Pledgor pledges and grants to the Master Trustee a first priority security interest in all of its Pledged Membership Collateral on the terms and conditions set forth in the Membership Pledge Agreement. Such security interest shall include, without limitation, any and all rights and remedies of a secured party under the Uniform Commercial Code as adopted by the State of Delaware (the “*Uniform Commercial Code*”) from time to time, or otherwise provided by applicable law.

(b) Subject to the provisions of the Membership Pledge Agreement, notwithstanding the pledge, delivery and the granting of a security interest in its Pledged Membership Collateral thereunder, the Pledgor shall continue to be the member, manager or partner, as applicable, of each Member, and, in the absence of a Pledgor Event of Default (as defined in the Membership Pledge Agreement), the Pledgor shall be entitled to exercise all voting, consent, managerial, election and other rights which it may have relating to the Pledged Membership Collateral and exercise any and all rights which it may have of conversion, exchange, or any other rights, privileges or options pertaining to the Pledged Membership Collateral and to receive and keep any distributions with respect thereto.

(c) If the Pledgor shall become entitled to receive or shall receive any instrument, certificate, option or right, whether as an addition to, in substitution of, or in exchange for, its Pledged Membership Collateral or any part thereof, the Pledgor shall accept any such instruments as Master Trustee’s agent, shall hold them in trust for Master Trustee, and shall deliver them forthwith to Master Trustee, for the benefit of Master Trustee, in the exact form received with the Pledgor’s endorsement when necessary, to be held by Master Trustee, subject to the terms and conditions of the applicable Membership Pledge Agreement, as further collateral security for the Obligations.

(d) Upon the occurrence and during the continuance of a Pledgor Event of Default:

(i) The Master Trustee shall have all rights and remedies provided under the applicable Membership Pledge Agreement, under the Uniform Commercial Code and under any other applicable laws; and

(ii) The Master Trustee shall have the right to require that any cash payable with respect to the Pledged Membership Collateral (whether as a distribution of net cash flow, upon redemption or

otherwise), be paid to the Master Trustee as additional collateral security for Obligations, in which event the Master Trustee shall turn over to Pledgor, as Pledgor's sole property, any distributions in excess of the amount of the Obligations; otherwise such payments may be received and retained by Pledgor; and

(iii) The Master Trustee shall be entitled to exercise all voting, consent, managerial, election and other rights which Pledgor may have relating to the Pledged Membership Collateral and exercise any and all rights which Pledgor may have of conversion, sale, transfer, exchange, or any other rights, privileges or options pertaining to the Pledged Membership Collateral and to receive and keep any distributions with respect thereto up to the amount of the Obligations and the Master Trustee shall turn over to Pledgor, as Pledgor's sole property, any distributions in excess of the amount of the Obligations; and

(iv) The Master Trustee may take any other action which the Master Trustee, in its sole discretion, believes is necessary for the maintenance, protection and preservation of the Pledged Membership Collateral and the Master Trustee's security interest therein.

(e) Upon the occurrence and during the continuance of a Pledgor Event of Default, the Master Trustee may forthwith collect the Pledged Membership Collateral not then in the possession of the Master Trustee and sell the Pledged Membership Collateral at a public or private sale, at any exchange, broker's board or at any of the Master Trustee's offices or elsewhere, for cash or credit, with right to the Master Trustee or any purchaser upon any such sale, whether public or private, to purchase, to the extent permitted by law, the Pledged Membership Collateral so sold, free of any right or equity of redemption in Pledgor of such Pledged Membership Collateral, which right or equity or redemption is expressly waived and released to the extent permitted by law, and the Master Trustee may be a purchaser in such sale and the Master Trustee (in its sole discretion) shall apply all of the net proceeds of sale of Pledged Membership Collateral against the amounts owed under the Obligations in the manner and priority provided in the Master Indenture, provided, however, in the case of any public or private sale, the Master Trustee shall give at least thirty (30) days prior notice to Pledgor of the time and place of such sale and the Master Trustee shall not consummate such sale until thirty (30) days after provision of such prior notice. Such notice of public or private sale shall be deemed to be reasonable notification of such matters. After a Pledgor Event of Default, the Pledgor consents and agrees to vote in favor of the admission as a member or partner, as applicable, in any Member of any purchaser (upon the written request of such purchaser served upon the Pledgor) of the Pledged Membership Collateral, and, upon a sale of the Pledged Membership Collateral, and agrees that such purchaser shall be a transferee of all of Pledgor's right, title and interest in the Pledged Membership Collateral, including, without limitation, any voting, management or other control rights.

(f) In connection with the enforcement by the Master Trustee of any remedies available to the Master Trustee as a result of any Pledgor Event of Default, the Pledgor agrees to, and to cause the Members to join and cooperate fully, in each case at the Master Trustee's election, with the Master Trustee, any receiver and/or the successful bidder or bidders at any foreclosure sale in a filing of an application (and furnishing any additional information that may be reasonably required in connection with such application) with all applicable federal, state and local governmental authorities, to the extent required by law, requesting their prior approval of the transfer of control of the Members (including, without limitation, the admission of any purchaser of the Pledged Membership Collateral as a member or partner, as applicable, of any Member as provided in the Membership Pledge Agreement) or assignment of all licenses, authorizations and permits, issued to the Members by any such authorities to the receiver or to the successful bidder or bidders, including without limitation, the Master Trustee. In connection with the foregoing, the Pledgor shall and shall cause the Members to take such further actions, and execute all such instruments, as the Master Trustee reasonably deems necessary or desirable. Pledgor agrees that the Master Trustee may enforce any obligations of the Pledgor as set forth above by an action for specific performance.

(g) The proceeds of any sale as aforesaid shall be applied in the order of priority indicated as follows:

First, to the payment of all costs and expenses, fees, commissions and taxes at any time and from time to time incurred by the Master Trustee under or in connection with the administration or enforcement of the applicable Membership Pledge Agreement (including, without limitation, the fees and expenses of counsel employed by the Master Trustee in connection therewith);

Second, in the manner and priority provided in the "Application of Moneys Collected" provision of the Master Indenture; and

Third, the balance, if any, shall be paid over to the Pledgor.

Notwithstanding the pledge and the granting of a security interest in the Pledged Membership Collateral, so long as no event of default under the Master Indenture has occurred and is continuing, each of TrIPS and CalEast will be entitled to exercise all voting, consent, managerial, election and other rights each may have relating to the Pledged Membership Collateral and to receive and keep any distributions with respect thereto.

PROJECTED CASH FLOWS

Management Projections

The following is a summary of projected cash flows and debt service coverage from 2013 through 2042 (the “*Projected Cash Flows*”) for the Initial Members of the Obligated Group made by the Manager with respect to cash flow of the Initial Members. The Projected Cash Flows reflect certain assumptions pertaining to such things as occupancy, renewal probabilities and expansion rights, as are customary in the real estate industry. Certain Facilities subject to the Ground Leases are subject to events and/or material obligations that are set forth in “PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE GROUND LEASES.” In making such Projected Cash Flows, the Manager relied upon certain information provided to it by sources which it believes to be reliable. The Manager believes the use of such information is reasonable for the purposes of the Projected Cash Flows. In addition, the Manager made certain assumptions with respect to conditions which may exist or events which may occur in the future. While the Manager believes these assumptions to be reasonable for the purpose of these Projected Cash Flows, they are dependent upon future events and actual conditions may differ from those assumed. For purposes of preparing these Projected Cash Flows, the Manager relied on certain assumptions regarding material contingencies and other matters that are not within the control of the Manager or the Obligated Group or any other Person. These assumptions are inherently subject to uncertainties and actual results may differ, perhaps materially, from those projected. These Projected Cash Flows are not necessarily indicative of current values or future performance. Therefore, no representations are made or intended, nor should any be inferred, with respect to the likely existence of a particular future set of facts or circumstances. If actual results are materially less favorable than those shown, or if the assumptions used in formulating these Projected Cash Flows prove to be incorrect, the Obligated Group’s ability to make payments under the Finance Agreements (and, consequently, the ability to make payment of principal of and interest on the Offered Bonds), may be materially adversely affected.

The Projected Cash Flows should be read in their entirety, as well as the accompanying discussion.

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PROJECTED CASH FLOWS

Year	Revenues ⁽¹⁾				Expenses							Cashflows available for Debt Service ⁽²⁾	Senior Debt Service ⁽³⁾	Senior Coverage
	Base Rent	Vacancy & Credit Loss	Reimbursable Expenses	Total	Ground Rent	Utilities, Taxes & Insurance	General Building	Management Fees	Leasing Commissions	Capital Expenditures	Total			
2013	\$72,231,609	\$(966,588)	\$29,634,529	\$100,899,550	\$23,968,431	\$10,733,408	\$5,697,172	\$3,942,902	\$900,000	\$700,000	\$45,941,913	\$45,719,161	\$22,922,880	2.0 x
2014	74,345,283	(1,128,302)	31,634,529	104,851,510	24,877,857	10,939,542	5,239,179	4,122,120	918,000	714,000	46,810,698	58,336,587	28,749,100	2.0 x
2015	75,238,782	(1,321,372)	33,415,484	107,332,894	25,722,468	11,158,573	5,314,039	4,252,861	936,360	728,280	48,112,581	59,519,468	28,357,350	2.1 x
2016	77,973,093	(1,958,369)	33,579,792	109,594,516	25,007,103	11,381,196	5,418,556	4,381,493	955,087	742,846	47,886,281	62,011,883	30,547,600	2.0 x
2017	80,616,165	(2,199,949)	34,255,924	112,672,140	25,424,739	11,609,190	5,528,812	4,532,494	974,189	757,703	48,827,126	64,153,556	30,140,350	2.1 x
2018	82,356,096	(2,092,443)	35,088,088	115,351,741	26,287,842	11,841,532	5,641,934	4,653,814	993,673	772,857	50,191,651	65,675,090	33,283,600	2.0 x
2019	80,779,558	(1,901,442)	35,104,011	113,982,127	26,775,379	12,077,189	5,745,904	4,596,809	1,013,546	788,314	50,997,141	63,495,679	28,974,100	2.2 x
2020	81,577,450	(2,123,122)	36,068,281	115,522,609	26,670,394	12,146,296	5,744,150	4,625,820	1,033,817	804,080	51,024,557	65,015,827	32,759,850	2.0 x
2021	80,786,647	(2,230,779)	36,635,918	115,191,786	27,199,187	12,308,605	5,743,329	4,687,782	1,054,493	820,162	51,813,558	63,888,453	28,924,600	2.2 x
2022	75,633,966	(1,413,184)	30,784,031	105,004,813	22,531,945	11,545,116	5,085,983	4,405,740	1,075,583	836,565	45,480,932	60,041,926	27,023,100	2.2 x
2023	77,615,652	(1,508,317)	31,471,203	107,578,538	23,085,398	11,768,264	5,158,788	4,536,707	1,097,095	853,296	46,499,547	61,603,353	30,290,850	2.0 x
2024	78,801,261	(1,468,994)	32,045,391	109,377,658	23,691,302	11,985,332	5,196,567	4,606,557	1,119,037	870,362	47,469,157	62,440,009	30,540,238	2.0 x
2025	76,882,908	(1,296,977)	30,914,534	106,500,465	23,699,555	12,040,210	5,089,229	4,436,320	1,141,418	887,769	47,294,501	59,744,537	29,813,500	2.0 x
2026	72,074,547	(1,206,616)	29,433,930	100,301,862	22,872,798	11,500,243	4,827,185	4,018,310	1,164,246	905,525	45,288,306	55,499,963	26,081,863	2.1 x
2027	64,096,387	(1,321,368)	26,339,289	89,114,308	19,293,806	11,468,343	4,711,508	3,597,890	1,187,531	923,635	41,182,714	48,423,404	22,549,138	2.1 x
2028	64,805,949	(1,258,309)	26,633,367	90,181,007	19,114,761	11,588,607	4,770,633	3,665,401	1,211,282	942,108	41,292,791	49,383,581	23,151,900	2.1 x
2029	48,180,284	(971,377)	15,075,336	62,284,242	10,340,300	9,359,825	4,007,184	2,849,261	1,235,507	960,950	28,753,028	33,639,279	14,649,750	2.3 x
2030	46,445,311	(957,639)	13,194,842	58,682,514	9,401,900	8,829,126	3,745,316	2,639,083	1,260,217	980,169	26,855,812	31,934,762	13,678,500	2.3 x
2031	43,397,644	(787,705)	11,532,639	54,142,578	8,203,973	8,217,474	3,551,722	2,430,358	1,285,422	999,772	24,688,722	29,556,624	12,857,500	2.3 x
2032	41,524,529	(892,593)	10,166,355	50,798,290	7,324,266	7,544,863	3,454,380	2,273,811	1,311,130	1,019,768	22,928,218	27,957,317	11,520,500	2.4 x
2033	36,431,375	(714,861)	8,465,100	44,181,613	5,594,523	7,297,349	3,226,272	1,944,404	1,337,353	1,040,163	20,440,065	23,817,739	9,944,250	2.4 x
2034	35,065,994	(791,075)	8,397,842	42,672,760	5,356,831	6,899,336	2,740,699	1,847,344	1,364,100	1,060,966	19,269,275	23,483,305	10,018,000	2.3 x
2035	35,331,730	(684,742)	8,279,561	42,926,549	5,527,754	7,031,746	2,784,378	1,842,923	1,391,382	1,082,186	19,660,368	23,349,778	9,487,250	2.5 x
2036	34,229,024	(569,388)	8,085,474	41,745,110	5,396,838	6,948,001	2,662,698	1,778,062	1,419,209	1,103,829	19,308,637	22,523,430	9,281,250	2.4 x
2037	35,752,266	(777,804)	8,281,418	43,255,881	5,496,810	7,082,773	2,714,056	1,859,233	1,447,594	1,125,906	19,726,371	23,619,905	9,189,250	2.6 x
2038	35,734,871	(657,691)	8,055,967	43,133,147	5,506,299	7,065,098	2,664,126	1,827,083	1,476,545	1,148,424	19,687,576	23,539,544	9,440,250	2.5 x
2039	37,368,124	(841,742)	8,387,759	44,914,141	5,730,526	7,206,347	2,721,315	1,920,133	1,506,076	1,171,393	20,255,790	24,756,246	9,891,500	2.5 x
2040	38,206,309	(751,254)	8,441,445	45,896,500	5,925,104	7,350,867	2,779,976	1,962,942	1,536,198	1,194,821	20,749,908	25,248,895	9,396,500	2.7 x
2041	38,315,233	(716,074)	8,566,285	46,165,444	5,878,228	7,496,169	2,819,753	1,961,913	1,566,922	1,218,717	20,941,702	25,331,267	9,925,500	2.6 x
2042	40,070,224	(938,349)	8,847,248	47,979,123	5,991,446	7,645,176	2,879,625	2,054,095	1,598,260	1,243,091	21,411,694	26,635,192	6,457,500	4.1 x

⁽¹⁾ For a more detailed breakdown of the Revenues for each of the Facilities see “PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX H – TOTAL REVENUES PER FACILITY.”

⁽²⁾ Cashflows Available for Debt Service represent Total Revenues minus Total Expenses. In year 1, Cashflows Available for Debt Service has been adjusted downward to reflect monies deposited in debt service funds for the existing debt through the expected settlement date. Additionally, Cashflows Available for Debt Service in each year have been adjusted downward by expected annual bond administration costs (trustee and issuer fees) and upward by estimated debt service reserve fund earnings.

⁽³⁾ Senior debt service shown here is for Series 2012A NYC IDA Bonds, Series 2012B PFA Bonds and Series 2012C PFA Bonds, and is estimated with respect to the Series 2012E PFA Bonds, and does not include any subsequent issuance of senior debt, which is allowed under the Master Indenture and expected in the future as assets are added.

Discussion of Projected Cash Flows

Revenue and Expenses for 2013; Vacancy Assumptions. Revenue and Expense Projections in the Projected Cash Flows for 2013 reflect the amounts included in the budgets for the Facilities for 2013, projections for subsequent leasing activity, and certain expense adjustments deviating from budgets that occurred after budgets were produced (such as modifications of ground rent expenses based on ground rent contests or real estate tax expense obligations based on tax appeals). In preparing projections of Base Rent and Expense Recoveries (*i.e.*, the proportionate share of operating and maintenance costs and real estate taxes related to the Facilities required to be reimbursed to the Member), the Manager made certain assumptions regarding the potential total rent which can be generated at the Facilities with full occupancy assuming (i) current rent levels for existing Tenants and (ii) market rent levels for new Tenants. This total rent is referred to in the Projected Cash Flows as Potential Base Rent and Potential Expense Recoveries.

TriPs Projected Cash Flows Global Assumptions

ARGUS Software. The Manager utilizes a software program called ARGUS Valuation-DCF (“ARGUS”) to calculate cash flow projections. ARGUS is a real estate valuation application that allows a user to enter detailed tenancy schedule inputs such as base rent, lease term, annual rent escalations, and expense recovery structures for existing tenants and to make additional tenancy presumptions for either a) backfilling current vacancy or b) calculating income anticipated after current in-place leases expire. ARGUS also allows for the entry of reimbursable expenses and the calculation of tenant expense recoveries under triple-net or modified net lease terms. Lastly, the program affords users the ability to enter detailed miscellaneous revenues, non-recoverable expenses, tenant improvement and leasing commission factors, and capital expenditure estimates. Once these data points are entered, ARGUS produces schedules of projected property cash flows containing revenue, expense, and net income performance projections.

Inflation Assumptions. Annual expense and capital item inflation across the portfolio is set at 2%

Partial Year Calculations. In order to accurately model cash flows from on-airport assets in years where underlying ground-leases expire and economic control of the assets reverts fully to host airport authorities, the Manager modified full-year ARGUS cash flow outputs utilizing “Year Fraction” calculations in Excel that account for partial year cash flows.

Revenue Assumptions

Ground Lease Terms. In formulating the Projected Cash Flows and in structuring the debt service on the Offered Bonds, the Manager assumed that each Member of the Obligated Group would exercise every option to renew Ground Leases at Facilities for which such Member has a renewal option exercisable without further consent of the ground lessor. Where a Facility is comprised of more than one building and more than one Ground Lease with different terms and renewal options, the debt service on the Offered Bonds related to such Facility was structured to reflect the expiration of each underlying Ground Lease, including the exercise by the Members of the Obligated Group of all renewal options with respect to such Ground Lease. In no instance has Aeroterm modeled ground leases past the latest possible date of ground lease expiration. The Members have covenanted in the Master Indenture, to the extent necessary to accommodate the maturity structure of the Series 2012 PFA Bonds, to extend every Ground Lease for which the applicable Member has the right to exercise an extension option.

Base Rent. Tenant lease terms modeled across the portfolio generally range between 3- and 5-years, varying by market. Where month-to-month (“M-T-M”) leases exist, the Manager generally extends the incumbent leases for six-months unless there is reason to assume that M-T-M Tenants will remain based on ties to anchor hub airline tenants.

Tenant lease renewal probability is set at 75% for nearly all facilities, reflecting historical retention of TriPs’ facilities, and downtime between leases is generally set at 6 months per lease, which is also consistent with historical results. Select Tenant leases for FedEx, UPS, and Lufthansa are renewed past their current terms in locations that are critical for freight networks or in locations where the Manager controls the competitive supply.

At Tenant lease renewals, Base Rents are assumed to be at then current market levels. The current market base rents were determined with the guidance of the Manager's dedicated leasing staff and were generally based on current asking rents achievable (inflated at an average of 2.5% annually to reflect future current asking rents) in underlying markets or on tenant specific needs.

Base Rent also includes other revenues generated from time to time at certain of the Facilities, including charges for vehicular parking, parking for truck and ground service equipment, other parking and various other charges (collectively, the "*Other Rent*"). The Manager believes that, where currently collected, such Other Rent will continue to be generated at the Facilities, but has made no assumption regarding the additional generation of such revenue, as such other rent comprises only a nominal portion of the Projected Cash Flows.

Reimbursable Expenses. The Reimbursable Expenses in the Projected Cash Flows are comprised of operating and maintenance costs including general maintenance costs for the property, utilities, insurance, taxes, general administrative and management fees, airport percentage rents and airport ground rents. Expense Recoveries are based on the Manager's experience with actual expenses incurred in operation and maintenance of the Facilities and similar facilities.

Vacancy Loss. Vacancy Loss is an offset to revenue in the Projected Cash Flows, which represents a loss factor applied to revenues in concert with absorption and turnover vacancy to limit maximum potential occupancy of certain properties with histories of carrying vacancy. The Manager has applied a 2% vacancy factor to all multi-tenant properties after portfolio stabilization of roughly 95% occupancy ("*Stabilization*") is achieved in 2015. While the portfolio as a whole is projected by the Manager to reach Stabilization by July 2015, individual facilities may not reach Stabilization for several years thereafter, and still others have a stabilized occupancy level much lower than 95%. For example, Syracuse does not reach Stabilization until 2024, and Anchorage's stabilized occupancy level is 75%. Such increases will be realized either through annual increases permitted in existing Tenant Leases during their terms or upon the renewal of such Tenant Leases with the same or different Tenants upon their expiration.

Credit/Collection Loss. Collection Loss is an offset to revenue in the Projected Cash Flows, which represents an allowance for bad debt write offs and other disruptions in Tenant rent collections. The Manager assumed between 1% and 2% collection loss factors on revenues for all spaces except for facilities leased by FedEx, UPS, DHL, and Lufthansa based on these Tenants' credit.

Expense Assumptions

Ground Rent. The Projected Cash Flows are based on the current Ground Lease rent paid by the Members to the respective lessors of the Facilities pursuant to the Ground Leases. The Ground Leases generally provide for annual escalation of the ground rent based on an indicator of inflation. The Manager has assumed for the Projected Cash Flows that annual increases in Ground Rent will reflect inflation schedules dictated by underlying Ground Leases.

Electric, Gas, Water, Sewer, Taxes, and Insurance. Governmental charges other than ground rent, such as local real estate taxes (where applicable) and assessments or utilities, are based on the historical level of these charges at the Facilities and similar facilities and are assumed to increase at an annual rate of two percent (2%). Governmental charges, other than Ground Lease rent, are not levied at all of the Facilities and similar facilities and no assumption has been made that such charges will be levied at Facilities to which they are not currently applicable. Costs of providing insurance for the Facilities, including liability and casualty insurance, are estimated based upon the Manager's experience with such charges at the Facilities and similar facilities elsewhere.

General Building. General Building expenses primarily include general administrative costs and normal repair and maintenance items to the Facilities, including common area maintenance charges. These costs include, but may not be limited to, landscaping, parking lot repairs and striping, lighting repairs, parking lot and aircraft ramp sweeping, dock door repairs and miscellaneous other repairs and maintenance that arise from normal building wear and tear. The Manager has assumed for the Projected Cash Flows that the annual increases in these items will average two percent (2%).

Management Fees. The Management Fees on the Facilities consist of a regular payment for services of the Manager and additional compensation upon the occurrence of specific events. The Manager is also entitled to

reimbursement for certain expenses incurred in connection with the performance of its duties. The fee is payable monthly and is based on a percentage of revenue collections. Management Fees have been set between 3% and 5% of gross revenues corresponding to the terms of the Management Agreement.

Leasing Commissions. Leasing commissions are generally set at 3.5% of net rent for new leases in year one and increase 2% each year thereafter. Where outside broker commissions are necessary, the Manager has increased commissions to provide for such override payment (this primarily occurs in Chicago and Dallas markets). Out of conservatism, leasing commissions are not reduced as Ground Leases expire.

Capital Expenditures. Capital projects are initially budgeted at \$0.12 per square foot in year one, except for the JFK, Miami, Dallas III, and Syracuse properties that are initially budgeted at \$0.05 per square foot to reflect their more recent development or extensive capital improvements. Capital expenditures are grown at 2% per annum each year thereafter, but are not reduced as the Ground Leases expire.

There will usually be differences between projected and actual results, since events and circumstances frequently do not occur as expected, and such differences may be material and adverse.

Consultant Reports

CBRE (the Real Estate Consultant) has prepared for the Obligated Group a report entitled “Aeroterm U.S. Portfolio Market Assessment and Roll-Up” (the “*CBRE Independent Consultant Report*”) and Landrum & Brown (the Air Cargo Consultant) has prepared for the Obligated Group a report entitled “Preparation of an Air Cargo Overview for a Tax Exempt Bond Offering” (the “*Landrum & Brown Independent Consultant Report*,” and, together with the CBRE Independent Consultant Report, the “*Consultant Reports*”), copies of which are attached as “PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX A – CBRE INDEPENDENT CONSULTANT REPORT” and “PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX B – LANDRUM & BROWN INDEPENDENT CONSULTANT REPORT,” respectively, of this Offering Statement. Each Consultant Report should be read in its entirety for a full understanding of each of the Real Estate Consultant’s and the Air Cargo Consultant’s analysis and the basis for each of their respective conclusions. **None of the NYC IDA, the Authority or the Underwriters make any representation or warranty as to the correctness or completeness of either Consultant Report or the conclusions set forth therein.**

CBRE Independent Consultant Report

General

The purpose of the CBRE Independent Consultant Report was to produce a consolidated cash flow analysis projecting performance of all Members of the Obligated Group (as described in “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – THE FACILITIES, MANAGEMENT AND THE TENANTS – Management of the Facilities” herein).

The scope of the Real Estate Consultant’s work included addressing in summary the overall air-cargo industry, the competitive environment, the TriPs portfolio, as well as an assessment of each submarket where Facilities are located. The CBRE Independent Consultant Report has been undertaken to provide a context for a roll-up, consolidation and projection of individual projected cash flows into a single projection reflecting both long-term trends and prevailing local market conditions.

In compiling the individual cash flows, the Real Estate Consultant first reviewed the Argus (defined below) runs for each property as prepared by the Manager. In many cases, the Real Estate Consultant updated revenue projections to begin on the same date and to reflect current lease terms. While underlying land leases often varied as to date of expiration, the Real Estate Consultant made a series of compound assumptions to consolidate and project a single cash flow for the enterprise as a whole. For these purposes, cash flow available for debt service is equal to net operating income.

The results of the Real Estate Consultant varied to some degree from internal projections of the Manager. However, overall, the Real Estate Consultant found that the Manager's cash flow projections have been prepared in a reasonable manner and appropriately reflect the anticipated performance at both the individual Facility level and when consolidated.

Cash Flow Roll-Up

In order to project cash flow estimates for the entire portfolio, the Real Estate Consultant first reviewed the Manager's internal projections and then developed its own cash flows based on prevailing market indicators and a review of lease abstracts and historical operating budgets. The Real Estate Consultant also looked at local and industry trends when estimating long term stabilized occupancy and renewal outcomes.

The Real Estate Consultant has divided TriPs's assets into forty-eight (48) separate cash flow models, tracking the Manager's internal controls. For consistent cash flow modeling and functionality, the Real Estate Consultant relied on Argus Valuation – DCF 15.01.26 ("*Argus*"), an analytical software program commonly used throughout the real estate industry. The Manager also used Argus, which allowed the Real Estate Consultant to directly compare most assumptions.

The following considerations and assumptions were material to the Real Estate Consultant's analysis:

- Cash flow available for debt service is equal to net operating income.
- The Real Estate Consultant analysis is based on a property rent roll dated May 1, 2012, along with forward-looking operating budgets.
- The Real Estate Consultant also received historic financial information and lease abstracts for the majority of the assets.
- The Members have a fee interest in five of the properties and leasehold interest in the remaining forty-three (43) properties. For the five (5) fee properties, the Real Estate Consultant has assumed a holding period of thirty years, with a reversion based on a 10.00% capitalization rate.
- The holding period for the leased properties is based on the expiration dates of the respective land leases through the term of all exercisable option periods.
- In all cases the Real Estate Consultant has assumed that the Manager will exercise its renewal rights as to the Ground Leases.
- All but three of the land leases expire within the next forty (40) years. The exceptions are the leases for Columbus Rickenbacker and Chicago O'Hare Express North and O'Hare Express Center (North and South, respectively) facilities, which expire beyond forty (40) years from the date of this Offering Statement. Since Argus is limited to less than or equal to a forty (40) year holding period, the Real Estate Consultant's holding period for the portfolio cash flow terminates in forty (40) years.
- The Real Estate Consultant's portfolio analysis begins July 1, 2012 and ends June 30, 2052.
- Each of the individual models also includes a fiscal year ending in June. A limitation of Argus is that it will not allow a partial (stub) year at the end of the holding period. As a result, the final year always represents a full twelve months even though the land lease may have expired several months prior to the end of the holding period. In order to account for this partial year limitation, the Real Estate Consultant has made a "Stub Revenue Adjustment" to each of the individual cash flow models.
- The Real Estate Consultant's individual estimates of General Vacancy & Collection Loss ranged from 0 to 20% occupancy (or conversely 80% to 100% occupancy), depending on the specific

market conditions for each individual asset. The Real Estate Consultant's 100% estimate was generally reserved for single tenant Facilities occupied by Federal Express for an extended period of time with a significant remaining term on their leases.

- The Real Estate Consultant's analysis assumes a general inflation rate of 3.00%. This rate is used for both income and expenses.
- The Real Estate Consultant's estimates include typical lease terms of three (3) to ten (10) years, depending on certain trends noted in each market.
- As the ground lease expiration date approaches, the Real Estate Consultant has tapered down the Real Estate Consultant's estimates for leasing costs. In general, the Real Estate Consultant used a \$1.50 per square foot improvement allowance for new warehouse tenants and a \$1.00 per square foot for renewals for most spaces. No tenant improvement allowances were ascribed to aircraft ramp spaces.
- Office space finish costs were estimated at \$5.00 per square foot for new tenants and \$3.50 per square foot for lease renewals for most office spaces.
- Leasing commissions are estimated at 5.00% for new tenants and 2.00% for lease renewals.
- Management Fees are estimated at 3.00% for single tenant Facilities and 5.00% for multi-tenant Facilities. A few exceptions are made based on contractual obligations.
- Replacement Reserves are estimated at \$0.15 per square foot for each property.

The Real Estate Consultant's portfolio cash flow projections are included in "PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX A – CBRE INDEPENDENT CONSULTANT REPORT" hereof.

The Real Estate Consultant's scope of work called for the Real Estate Consultant to review each property's cash flow projections, then apply metrics derived from the Real Estate Consultant's market study to generate its own projections. The consolidation and roll up of these projections could then be compared with the internal analysis done by the Manager.

In the final analysis, the Real Estate Consultant's outcomes were fairly similar to those of the Manager notwithstanding modest changes or smoothing of assumptions in the Real Estate Consultant model. The Real Estate Consultant found that, in most years, its estimates were higher than the Manager's estimates.

Conclusion

The Real Estate Consultant reports that overall, the TrIPs portfolio represents the largest privately held portfolio of U.S. airside air cargo facilities. The portfolio benefits from a wide and diverse range of tenants in a geographically diverse setting. The twenty-five (25) airport locations (all but one feature on-airport assets) include locations in nine (9) of the top twenty-five (25) U.S. cargo airports and five (5) of the top six (6) U.S. international gateway cargo airports (where the portfolio represents close to a 25% share of the available space).

Industry experts project demand for space to increase at an annual compound rate of up to 6% through 2029, and the Real Estate Consultant reports that this bodes well for the air cargo industry where only limited airside space is available. Additionally, long-term rent growth projections of 2.5% by the Manager (3% by the Real Estate Consultant) appear reasonable and even slightly conservative given anticipated growth in the cargo industry sector.

Threats for the portfolio include over 45% of the tenants having current lease terms expiring by the end of 2016, with a significant portion expiring in 2013. This concern is somewhat offset by a historical tenant renewal probability of 75% and, more recently, a 94% tenant renewal rate in 2011, according to the Real Estate Consultant. Another threat is that over half of the occupancy of the portfolio and over 65% of the base rents are concentrated

with the top 10 Tenants (only 6% of the total number of Tenants). The loss of any of these Tenants, especially the top few, would have a significant impact on the performance of the portfolio. But given the mission-critical nature of the airside assets in particular for express shipping options, and based on historical performance, significant non-renewals are highly unlikely among these Tenants, according to the Real Estate Consultant.

Given the preceding discussion and consideration of various factors related to the portfolio, the overall risk profile is considered by the Real Estate Consultant to be favorable for the proposed bond financing.

Landrum & Brown Independent Consultant Report

Report Objective

The purpose of the Landrum & Brown Independent Consultant Report is to provide a comprehensive overview of the state of the air cargo industry and the issues and trends which are anticipated to be significant over the next twenty years. The primary focus of the Landrum & Brown Independent Consultant Report relates to issues that affect larger cargo international airports that include:

John F. Kennedy (JFK)	Newark Liberty (EWR)
Chicago O’Hare (ORD)	Philadelphia (PHL)
Miami (MIA)	Dallas – Fort Worth (DFW)
Los Angeles (LAX)*	Houston (IAH)
Atlanta Hartsfield-Jackson (ATL)*	

The Landrum & Brown Independent Consultant Report is divided into three sections. Section I of the report describes how the air cargo industry functions and the nature of the businesses that constitute the primary operators including ancillary and supporting functions. Section I also includes a discussion of recent emergent trends and their impact on air cargo. In addition, because of the importance of security, the report discusses how security considerations have and will impact facility planning and development. Section II of the Landrum & Brown Independent Consultant Report discusses the performance of air cargo over the past decade and graphically reflects trends in the industry as they have impacted major gateways. Section II of the report also describes how air cargo forecasts are developed and the major considerations that are used in the process. Section II uses major industry forecasts from the Federal Aviation Administration (“FAA”) and Boeing to extrapolate projected volumes for the primary gateways. Section III of the Landrum & Brown Independent Consultant Report discusses how forecast air cargo tonnages and aircraft operations are typically converted to physical requirements – airside, landside, and within the cargo facility.

Report Summary

JFK, LAX, ORD, MIA and, to a lesser extent, ATL, have long been considered pre-eminent air cargo gateways in the industry. Growth was driven by balancing a strong flow of domestic cargo with international trade with emerging partners. As the air cargo industry matured, the international markets expanded to include Latin America and Asia, and more recently the Middle East. However, as the business expanded, so did the competitive arena. Based on geography, JFK focused on Europe, LAX developed a focus on trans-Pacific traffic, MIA focused on South and Central America, and ORD, given its central location in the U.S., pursued commerce with all markets.

Aircraft technology became more sophisticated; more airports began to realize and address growing regional international trade interests and to take advantage of unused capacity in the holds of passenger aircraft. The result has been the emergence of numerous competitors for market share and a change in how some international cargo is routed. DFW, IAH, EWR, and PHL have substantially benefited from this diversification. After September 11, 2001, the industry experienced seminal changes, the most significant of which continues today – the substitution of trucking activity for domestic air cargo and domestic legs of international air cargo. This trend has been exacerbated by unstable fuel prices and the rising costs of security, which makes the less expensive option of shipment by truck, when possible, a more financially feasible option. In the face of continuing economic challenges, more mature markets are most severely impacted and the downturns in air cargo volumes over the past decade have

* No Facilities are located at this airport.

affected the major gateways more than other gateways. See “PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX A – CBRE INDEPENDENT CONSULTANT REPORT” herein.

Nevertheless, air cargo is considered critical by most gateway cities. Economic research data indicate that 1,000 tons of annual air cargo activity typically provides and supports about 20 to 30 jobs throughout the logistics chain, with the jobs split fairly equally between points of origin and destination. This includes both on and off airport activity. In general, cargo operations impact a region in four ways:

- Direct impacts involve those activities which take place at the airport.
- Indirect activities occur off airport and include a wide range of supporting functions.
- Induced effects arise from the expenditures by the recipients of direct and indirect wages and salaries.
- Catalytic benefits are new businesses that are created by cargo activity.

As a result of recent economic downturns and diminished revenues, airports are pursuing air cargo activity more aggressively than ever before. Based on the current state of the air cargo industry, and the forecasts prepared by major agencies and entities including the FAA, Boeing, and Airbus, the Landrum & Brown Independent Consultant Report predicts that the air cargo industry will continue to grow globally although at a somewhat diminished rate. The overall rate is anticipated to be between five and six percent. This will be driven in large part by expanding and newer markets including China, India, South America, the Middle East and Africa. The Landrum & Brown Independent Consultant Report predicts that the U.S. and Europe will remain strong trading partners for these markets and international cargo at the gateways will remain strong. The Landrum & Brown Independent Consultant Report predicts that domestic air cargo growth will be relatively flat as the emphasis on trucking continues to remain strong; however, an anticipated driver shortage in the trucking industry will create challenges for that business segment over the next decade, raising prices and slowing growth.

The Landrum & Brown Independent Consultant Report predicts that the use of belly capacity to carry air cargo will continue to increase in the future as wide-body aircraft continue to proliferate, and that freighter use will also continue to increase although at a slower rate. However, the Landrum & Brown Independent Consultant Report predicts that more effective ground handling, higher levels of mechanization, and the need for carriers to better utilize aircraft will reduce the dwell time for aircraft at points of destination allowing for more efficient use of airport infrastructure and increased aircraft turns per apron position.

The Landrum & Brown Independent Consultant Report predicts that security will continue to play a major role in operations and will need to be considered in the planning and configuration of new cargo facilities. This will include the provision of space to accommodate breakdown, build-up, and screening of cargo, as well as a hold area. This will mean building more space to accommodate the same amount of cargo.

The Landrum & Brown Independent Consultant Report predicts that leasing models will continue to evolve as the industry stakeholders continue to change their strategies. Most airports now prefer, if possible, to utilize private partnerships to develop cargo facilities. This allows the airports to continue to invest in passenger elements of their operations. At the same time, fewer carriers (other than the integrators) will invest in cargo facilities deferring to third party developers. Cargo handling companies have become major players in new development and will partner with an airport or private developer to build the facility that will give them the best opportunity to achieve economies of scale with regard to their use of staff and equipment.

The overall effect of this environment is that airports, even the more traditionally conservative ones, are beginning to adopt more progressive (and user friendly) positions to facilitate partnerships.

An additional consideration for the future of air cargo at airports is the development of the “cargo village.” If, after allocating property for the protection of its long-term aviation requirements, an airport has land available for development, in a number of instances the concept of a small cargo village or air-oriented logistics park is now being considered. Because this market has competition from off airport facilities, and is directed at a market that is extremely cost conscious, airports are exploring different ground rent structures that will enable them to be competitive. This creates new opportunities for development partnerships.

The Landrum & Brown Independent Consultant Report predicts that air cargo will continue to grow over the forecast period; it is likely that the rate of growth will slow, but overall growth in the global economy, despite recent slowdowns will continue to push demand, particularly at the established gateways where passenger and freighter capacity are strong.

OBLIGATED GROUP PLAN OF FINANCE

The plan of finance includes the issuance of the Series 2012A NYC IDA Bonds by the NYC IDA and the Series 2012 PFA Bonds by the Authority in order to provide proceeds, together with other sources herein described, sufficient to redeem and defease, and, thus, refund, or purchase in accordance with the Invitation to Tender all outstanding bonds originally issued for the benefit of the Initial Members to finance the Facilities. Proceeds from reserves relating to such outstanding bonds as well as a \$30 million contribution from CalEast will serve as additional sources of funds relating to the plan of finance. In addition to purchasing, redeeming, and defeasing outstanding bonds, proceeds of the Series 2012A NYC IDA Bonds and of the Series 2012B PFA Bonds will be used to fund debt service reserve funds and pay costs of issuance relating to the Series 2012A NYC IDA Bonds and the Series 2012B PFA Bonds.

The proceeds of the Series 2012A NYC IDA Bonds, together with other available funds, will be used to (i) redeem and defease, and, thus, refund, in whole prior to the maturity thereof the Series 2001A Bonds (the “*Refunded NYC IDA Bonds*”) which are outstanding as of the date of this Offering Statement in the principal amount set forth in the table below, (ii) fund the Debt Service Reserve Fund established under the NYC IDA Indenture for the benefit of the Series 2012A NYC IDA Bonds and (iii) pay certain costs relating to the issuance of the Series 2012A NYC IDA Bonds.

Refunded NYC IDA Bonds

Refunded NYC IDA Bonds	Amount to Be Redeemed	CUSIP[†]	Member
New York City Industrial Development Agency Special Airport Facility Revenue Bonds (2001 Airis JFK I, LLC Project at JFK International Airport), Series 2001A (\$152,675,000)	\$5,770,000	64971NAB6	Aero JFK, LLC
	\$35,750,000	64971NAC4	
	\$98,930,000	64971NAD2	

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A portion of the proceeds of the Series 2012 PFA Bonds, together with other available funds, will be used to (i) redeem and defease, or purchase, as described below, in whole prior to the maturity thereof the series of bonds shown in the table below labeled “Refunded PFA Bonds” (together with the series of bonds shown in the table below labeled “Tendered Bonds and Bonds Defeased with Equity”, “the *Refunded PFA Bonds*” and together with the Refunded NYC IDA Bonds, the *Refunded Bonds*”), (ii) fund the Debt Service Reserve Fund established under the PFA Indenture for the benefit of the Series 2012 PFA Bonds and (iii) pay certain costs relating to the issuance of the Series 2012 PFA Bonds.

Certain of the Refunded PFA Bonds (the “*Tendered Bonds*”) are not currently subject to optional redemption and are to be purchased on a tender (or defeased with equity to their first call date, if not tendered) pursuant to an Invitation to Tender. In addition, certain of the Refunded PFA Bonds that were not subject to an Invitation to Tender will also be defeased in whole or in part with equity to their first call date, if not tendered or redeemed with proceeds of the Series 2012 PFA Bonds.

Refunded PFA Bonds*

(not including Tendered Bonds or Bonds Defeased with Equity)

Refunded PFA Bonds	Amount to Be Redeemed	CUSIP†	Member
Susquehanna Area Regional Airport Authority Airport Facilities Revenue Bonds (Aero Harrisburg, LLC Project) Series 1999 (\$7,685,000)	\$4,345,491**	869097AA3	Aero Harrisburg, LLC
Philadelphia Authority For Industrial Development Airport Facilities Revenue Bonds, Series 1999 (\$9,910,000)	\$6,735,000	71781EBZ7	Aero Philadelphia, LLC
Regional Airport Authority of Louisville and Jefferson County, Kentucky Special Facilities Revenue Bonds, 1999 Series A (\$15,500,000)	\$8,865,000	546598AE3	Aero Louisville, LLC
City of Grapevine Industrial Development Corporation Multi-Modal Senior Air Cargo Special Facility Revenue Bonds, Series 2008A (Cargo Acquisition Companies Obligated Group II)	\$3,495,067**	388652AN9	Aero DFW II, LP
City of Houston Industrial Development Corporation Multi-Modal Senior Air Cargo Special Facility Revenue Bonds, Series 2008 (Cargo Acquisition Companies Obligated Group II)	\$23,350,000	442406AH7	Aero Houston East II, LP
Capital Trust Agency Revenue Bond Anticipation Note, Series 2007	\$7,820,000	14052WAX5	Aero Orlando II, LLC

* Excluded from the list of refunded bonds in the Refunded PFA Bonds table are the Miami-Dade County Industrial Development Authority Tax-Exempt Industrial Development Revenue Bonds (Airis Miami, LLC Project at Miami International Airport), Series 1999A and New Jersey Economic Development Authority Economic Development Revenue Refunding Bonds (Airis Newark, LLC Project) Series 1998. These bonds are currently bank bonds and held by KBC and BLB. As part of the agreement being negotiated with Ambac, these bonds will be repurchased from KBC and BLB directly. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – CERTAIN RISK FACTORS – Existing Defaults Relating to Bonds Being Refinanced for Aero Newark, LLC and Aero Miami I, LLC.”

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** This amount shows the portion of the bonds to be redeemed with the proceeds of the Series 2012 PFA Bonds, together with other available funds. The remaining outstanding bonds of such series will be defeased with equity, as set forth in the “Tendered Bonds and Bonds Defeased with Equity” table below.

Refunded PFA Bonds	Amount to Be Redeemed	CUSIP[†]	Member
City of Chicago Chicago O'Hare International Airport Variable/Fixed Rate Demand Special Facilities Airport Revenue Bonds, Series 2002	\$23,700,000	167590EW4	Aero O'Hare, LLC
City of Chicago Variable/Fixed Rate Demand Special Facilities Airport Revenue Bonds, Series 1997	\$39,300,000	167495AD2	Aero O'Hare Express, LLC
City of Houston Industrial Development Corporation Adjustable Rate Air Cargo Revenue Bonds, Series 2003A	\$6,000,000	442406AE4	Aero Houston East, LP
City of Houston Industrial Development Corporation Subordinate Fixed Rate Air Cargo Revenue Bonds, Series 2003B	\$2,750,000	442406AF1	Aero Houston East, LP
Grapevine Industrial Development Corporation Senior Air Cargo Revenue Bonds Series 2002	\$4,995,000	388652 AM1	Aero DFW, LP
City of Houston Industrial Development Corporation Senior Air Cargo Revenue Bonds, Series 2002	\$15,000,000	442406AC8	Aero Houston Central, LP
The Industrial Development Authority of the City of Kansas City, Missouri Senior Air Cargo Revenue Bonds, Series 2002	\$3,160,000	48503SAF6	Aero Kansas City, LLC
City of Milwaukee, Wisconsin Senior Air Cargo Revenue Bonds, Series 2002	\$7,020,000	602424AK9	Aero Milwaukee, LLC
City of Milwaukee, Wisconsin Subordinate Air Cargo Revenue Bonds, Series 2002	\$3,420,000	602424AL7	Aero Milwaukee, LLC
Louisiana Local Government Environmental Facilities and Community Development Authority Senior Air Cargo Revenue Bonds Series 2002	\$2,620,000	546279LDO	Aero New Orleans, LLC
Norfolk Airport Authority Airport Cargo Facility Revenue Bonds, Series 2002	\$4,135,633**	655857CB4	Aero Norfolk, LLC
Capital Trust Agency Senior Air Cargo Revenue Bonds, Series 2002	\$132,513	14052WAC1	Aero Pensacola, LLC
Philadelphia Authority For Industrial Development Subordinate Air Cargo Revenue Bonds, Series 2002A	\$10,290,000	717818H35	Aero Phila, LP
Philadelphia Authority For Industrial Development Subordinate Air Cargo Revenue Bonds, Series 2002B	\$3,860,000	717818 H50	Aero Phila, LP
State of Oregon Taxable Senior Economic Development Air Cargo Revenue Bonds, Series 2006	\$387,321	68586PAA1	Aero Portland, LLC
Onondaga County Industrial Development Agency Senior Air Cargo Revenue Bonds, Series 2002	\$13,855,000	68275RAA3	Aero Syracuse, LLC
Onondaga County Industrial Development Agency Subordinate Air Cargo Revenue Bonds, Series 2002	\$6,005,000	68275RAB1	Aero Syracuse, LLC

Refunded PFA Bonds	Amount to Be Redeemed	CUSIP[†]	Member
Miami-Dade County Industrial Development Authority Industrial Development Revenue Bonds (Airis Miami II, LLC Project at Miami International Airport) Series 1999	\$5,795,000	59333EAN3	Aero Miami II, LLC
	\$7,060,000	59333EAP8	

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Tendered Bonds and Bonds Defeased with Equity

Purchased and Cancelled Bonds	Amount to Be Purchased via Tender	Amount to Be Defeased with Equity	CUSIP[†]	PFA Member
Capital Trust Agency Senior Air Cargo Revenue Bonds, Series 2003	\$2,260,000	\$93,796	14052WAS6	Aero Ft. Myers, LLC
Capital Trust Agency Senior Air Cargo Revenue Bonds, Series 2003	\$9,335,000	\$9,428,965	14052WAQ0	Aero Lauderdale, LLC
Capital Trust Agency Senior Air Cargo Revenue Bonds, Series 2002	-	\$807,487	14052WAC1	Aero Pensacola, LLC
Capital Trust Agency Subordinate Class A Air Cargo Revenue Bonds, Series 2003	\$2,500,000	\$4,896,535	14052WAR8	Aero Orlando, LLC
City of Grapevine Industrial Development Corporation Multi-Modal Senior Air Cargo Special Facility Revenue Bonds, Series 2008A (Cargo Acquisition Companies Obligated Group II)	-	\$904,933	388652AN9	Aero DFW II, LP
Norfolk Airport Authority Airport Cargo Facility Revenue Bonds, Series 2002	-	\$309,367	655857CB4	Aero Norfolk, LLC
Oklahoma City Industrial and Cultural Facilities Trust Senior Air Cargo Revenue Bonds, Series 2003	\$1,430,000	-	678558EW3	Aero Oklahoma, LLC
Oklahoma City Industrial and Cultural Facilities Trust Subordinate Air Cargo Revenue Bonds, Series 2003	\$2,250,000	\$1,235,292	678558EX1	Aero Oklahoma, LLC
Susquehanna Area Regional Airport Authority Airport Facilities Revenue Bonds (Aero Harrisburg, LLC Project) Series 1999	-	\$879,509	869097AA3	Aero Harrisburg, LLC
State of Oregon Taxable Senior Economic Development Air Cargo Revenue Bonds, Series 2006	-	\$3,812,679	68586PAA1	Aero Portland, LLC

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OBLIGATED GROUP ESTIMATED SOURCES AND USES OF FUNDS

Following are the estimated sources and uses of funds for the Series 2012 Bonds in aggregate:

<u>Sources</u>	Series 2012A NYC IDA Bonds	Series 2012B PFA Bonds	Series 2012C PFA Bonds and Series 2012E PFA Bonds ¹	Series 2012D PFA Bonds and Series 2012F PFA Bonds ¹	Cash Defeasance	<u>Total</u>
Par	\$ 126,875,000	\$ 189,400,000	\$ 43,955,000	\$ 66,000,000	-	\$ 426,230,000
Premium	6,927,528	2,569,384	1,216,279	-	-	10,713,192
Equity	2,848,312	5,787,975	719,809	1,176,576	\$ 19,467,327	30,000,000
Prior Funds ²	18,461,380	21,725,912	5,572,801	-	2,577,434	48,337,528
Total³	\$ 155,112,221	\$ 219,483,272	\$ 51,463,889	\$ 67,176,576	\$ 22,044,761	\$ 515,280,720
<u>Uses</u>						
Refunding Escrow Deposit ⁴	\$ 142,278,857	\$ 203,249,074	\$ 47,868,289	\$ 62,446,264	\$ 22,044,761	\$ 477,887,245
Debt Service Reserve Fund	7,310,000	9,318,550	1,800,000	2,326,330	-	20,754,880
Cost of Issuance and Fees ⁵	5,523,363	6,915,648	1,795,600	2,403,982	-	16,638,594
Total³	\$ 155,112,221	\$ 219,483,272	\$ 51,463,889	\$ 67,176,576	\$ 22,044,761	\$ 515,280,720

¹ Amounts relating to the Series 2012E PFA Bonds and the Series 2012F PFA Bonds will be finalized upon the sale of such bonds on September 10, 2012. Pricing and sale information relating to the Series 2012E PFA Bonds and the Series 2012F PFA Bonds will be reflected in a supplement to the final Offering Statement to be distributed not more than seven (7) business days after the sale of such bonds.

² Includes funds from existing debt service funds, debt service reserve funds, maintenance & operating reserves and is net of termination expenses associated with certain debt service reserve fund contracts.

³ The totals may not add due to rounding.

⁴ Certain bonds will be refunded, or purchased or cancelled, on the date of issuance of the Series 2012 Bonds. Certain bonds will be refunded approximately eleven (11) to thirty-two (32) days following the date of issuance of the Series 2012 Bonds, which will require a deposit in escrow to defease such bonds.

⁵ Includes payment associated with termination of the debt service reserve fund contract for the Newark Bonds.

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OBLIGATED GROUP DEBT SERVICE REQUIREMENTS ON THE SERIES 2012 BONDS

Following are the debt service requirements for the Obligated Group:

Year	Series 2012A NYC IDA Bonds		Series 2012B PFA Bonds		(Senior) Series 2012C PFA Bonds and Series 2012E PFA Bonds Debt Service*	(Subordinate Class B) Series 2012D PFA Bonds and Series 2012F PFA Bonds Debt Service*	Total Debt Service*
	Principal	Interest	Principal	Interest			
2013	\$ 5,220,000	\$ 5,075,000	-	\$ 7,658,530.00	\$ 4,969,350	\$ 4,369,478	\$ 27,292,358
2014	5,985,000	6,082,750	\$ 4,400,000	9,573,162.50	2,708,188	5,333,913	34,083,013
2015	3,920,000	5,783,500	1,405,000	9,353,162.50	7,895,688	5,242,428	33,599,778
2016	6,295,000	5,587,500	6,670,000	9,282,912.50	2,712,188	5,580,943	36,128,543
2017	6,215,000	5,272,750	2,405,000	8,949,412.50	7,298,188	8,221,453	38,361,803
2018	9,655,000	4,962,000	7,340,000	8,829,162.50	2,497,438	6,014,570	39,298,170
2019	5,830,000	4,479,250	7,705,000	8,462,162.50	2,497,688	8,216,745	37,190,845
2020	6,535,000	4,187,750	11,045,000	8,076,912.50	2,915,188	4,852,660	37,612,510
2021	6,400,000	3,861,000	8,655,000	7,524,662.50	2,483,938	8,213,355	37,137,955
2022	8,805,000	3,541,000	5,600,000	7,091,912.50	1,985,188	8,392,870	35,415,970
2023	8,530,000	3,100,750	8,655,000	6,811,912.50	3,193,188	5,411,438	35,702,288
2024	10,120,000	2,674,250	8,975,000	6,357,525.00	2,413,463	5,399,373	35,939,610
2025	8,985,000	2,168,250	9,775,000	5,886,337.50	2,998,913	5,266,478	35,079,978
2026	10,690,000	1,719,000	6,525,000	5,373,150.00	1,774,713	4,549,023	30,630,885
2027	10,180,000	1,184,500	4,320,000	5,030,587.50	1,834,050	2,760,068	25,309,205
2028	13,510,000	675,500	3,015,000	4,803,787.50	1,147,613	2,887,313	26,039,213
2029	-	-	8,140,000	4,645,500.00	1,864,250	1,501,733	16,151,483
2030	-	-	7,690,000	4,238,500.00	1,750,000	1,392,165	15,070,665
2031	-	-	7,370,000	3,854,000.00	1,633,500	1,276,763	14,134,263
2032	-	-	6,560,000	3,485,500.00	1,475,000	1,096,120	12,616,620
2033	-	-	5,515,000	3,157,500.00	1,271,750	1,644,403	11,588,653
2034	-	-	5,850,000	2,881,750.00	1,286,250	1,491,900	11,509,900
2035	-	-	5,690,000	2,589,250.00	1,208,000	800,240	10,287,490
2036	-	-	5,795,000	2,304,750.00	1,181,500	822,940	10,104,190
2037	-	-	5,995,000	2,015,000.00	1,179,250	848,488	10,037,738
2038	-	-	6,525,000	1,715,250.00	1,200,000	926,575	10,366,825
2039	-	-	7,245,000	1,389,000.00	1,257,500	1,048,820	10,940,320
2040	-	-	7,175,000	1,026,750.00	1,194,750	2,727,148	12,123,648
2041	-	-	7,990,000	668,000.00	1,267,500	1,680,310	11,605,810
2042	-	-	5,370,000	268,500.00	819,000	4,909,438	11,366,938
TOTAL	\$ 126,875,000	\$ 60,354,750	\$ 189,400,000	\$ 153,304,542.50	\$ 69,913,225	\$ 112,879,143	\$ 182,792,368

* Amounts relating to the Series 2012E PFA Bonds and the Series 2012F PFA Bonds will be finalized upon the sale of such bonds on September 10, 2012. Pricing and sale information relating to the Series 2012E PFA Bonds and the Series 2012F PFA Bonds will be reflected in a supplement to the final Offering Statement to be distributed not more than seven (7) business days after the sale of such bonds.

CERTAIN RELATIONSHIPS AND POTENTIAL CONFLICTS OF INTEREST

Wells Fargo Bank, National Association (“*Wells Fargo*”), or its affiliates, serves in several capacities under documents related to the Series 2012B PFA Bonds, including, but not limited to, the PFA Trustee for the Series 2012B PFA Bonds and Master Trustee. In the event of a default under certain documents related to the Series 2012B PFA Bonds, including, but not limited to, bankruptcy or insolvency of a Member of the Obligated Group, Wells Fargo may be directed to take, or otherwise be required to take, actions which would favor one class of security holders over another, all in accordance with the documents governing the relative priorities of the securities for which Wells Fargo serves as a fiduciary. In such a situation, a conflict of interest could arise as a result of the multiple fiduciary roles held by Wells Fargo. Such a conflict could result in the resignation of Wells Fargo from one or more of its trusteeships.

Greenberg Traurig, LLP of Philadelphia, Pennsylvania is acting as both Co-Bond Counsel to the Authority and counsel to the Obligated Group, which includes the JFK Member, and to CalEast CAC LLC.

CalEast Air Cargo, LLC has entered into a management agreement with Aeroterm US, Inc., as the Manager, a related party of an indirect member of CalEast, to serve as the property and development manager and to provide brokerage, financial and acquisition services for CalEast with respect to the Obligated Group. The fees pursuant to the Management Agreement are representative of fair market value.

Total fees paid to the Manager for 2011 were \$4,112,614, which are included in property management and operating expenses in the accompanying consolidated statement of operations or have been capitalized to income-producing properties in the accompanying consolidated statement of financial position. Included in accounts payable are amounts totaling \$454,673 payable to the Manager.

CalEast is the holder of certain Refunded Bonds. Included in interest expense for Fiscal Year 2011 is \$7,030,662 of interest that was paid or payable to CalEast and Aeroterm IV, LLC, indirect members of CalEast and, upon issuance of the Offered Bonds, TrIPs, related to these Refunded Bonds.

California Public Employees Retirement System (“*CalPERS*”), an indirect member of CalEast, acquires and pays for property and casualty insurance covering its portfolio of properties, which will include TrIPs. It then allocates and is reimbursed by each of its investments for the coverage. The total payments to CalPERS from the Initial Members for reimbursement of property and casualty insurance premiums for the year ended June 30, 2011 was \$609,931.

VERIFICATION

The accuracy of the mathematical computations of the adequacy of the cash deposit to pay when due all principal or Redemption Price of, as the case may be, and interest on the Refunded Bonds to the date of redemption, will be verified by Samuel Klein and Company, Certified Public Accountants.

PART III – OFFICIAL STATEMENT FOR THE SERIES 2012A NYC IDA BONDS

NEW ISSUE- BOOK ENTRY ONLY

RATING: SEE “RATING” HEREIN

DAC Bond[®]

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the NYC IDA (the “NYC IDA Bond Counsel”), under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2012A NYC IDA Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), except that no opinion is expressed as to such exclusion of interest on any Series 2012A NYC IDA Bond for any period during which such Series 2012A NYC IDA Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a “substantial user” of the facilities refinanced with the proceeds of the Series 2012A NYC IDA Bonds or a “related person,” and (ii) interest on the Series 2012A NYC IDA Bonds, however, is treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code. In addition, in the opinion of NYC IDA Bond Counsel, under existing statutes, interest on the Series 2012A NYC IDA Bonds is exempt from personal income taxes imposed by the State of New York (the “State”), or any political subdivision thereof, including The City of New York, and each of the Series 2012A NYC IDA Bonds is exempt from all taxation directly imposed thereon by or under the authority of the State. See “TAX MATTERS” in this Official Statement.

\$126,875,000

**NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY
SENIOR AIRPORT FACILITIES REVENUE AND REFUNDING BONDS
(TriPs Obligated Group),
Series 2012A**

Dated: Date of Delivery**Due: See inside cover page**

The New York City Industrial Development Agency Senior Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012A (the “Series 2012A NYC IDA Bonds”) in the principal amount of \$126,875,000 are special limited revenue obligations of the New York City Industrial Development Agency, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State of New York (the “NYC IDA”) and will be issued pursuant to an Indenture of Trust dated as of September 1, 2012 (the “NYC IDA Indenture”), between the NYC IDA and The Bank of New York Mellon, as Trustee (the “NYC IDA Trustee”) to (i) refund in whole the NYC IDA’s Special Airport Facility Revenue Bonds (2001 Airis JFK I, LLC Project at JFK International Airport), Series 2001A, the proceeds of which were used to finance the construction and equipping of two air cargo facilities located at John F. Kennedy International Airport in Queens, New York, which are leased to and operated by Aero JFK, LLC, a Delaware limited liability company (the “JFK Member”), (ii) fund a debt service reserve fund under the NYC IDA Indenture and (iii) pay certain costs of issuance of the Series 2012A NYC IDA Bonds. The JFK Member has agreed, pursuant to an Installment Sale Agreement and Assignment of Lease dated as of September 1, 2012 (the “NYC IDA Installment Sale Agreement”), between the NYC IDA and the JFK Member, to pay installment purchase payments equal to the principal or Redemption Price of, if applicable, Sinking Fund Installments, and interest on the Series 2012A NYC IDA Bonds.

The obligations of the JFK Member under the NYC IDA Installment Sale Agreement will be secured by Senior Master Trust Indenture Promissory Note, Series 2012-1 (the “Senior Note No. 1”), dated the date of issue of the Series 2012A NYC IDA Bonds and issued by the Obligated Group under a Master Trust Indenture (Security Agreement), dated as of September 1, 2012, as supplemented by a First Supplemental Master Trust Indenture, dated as of September 1, 2012 (together, the “Master Indenture”), among the Initial Members and Wells Fargo Bank, National Association, as Master Trustee (the “Master Trustee”). Each of the Members of the Obligated Group will be jointly and severally liable on Obligations issued under the Master Indenture, including the Senior Note No. 1.

Contemporaneously with the issuance of the Series 2012A NYC IDA Bonds, the Initial Members will form the Obligated Group. The Obligated Group is initially comprised of Transportation Infrastructure Properties, LLC, a Delaware limited liability company (“TriPs”), serving as the Group Representative, and a group of thirty-eight (38) affiliated entities all of the ownership interests of which will, contemporaneously with the issuance of the Series 2012A NYC IDA Bonds, be transferred to TriPs. In addition, the membership interest of TriPs will, contemporaneously with the issuance of the Series 2012A NYC IDA Bonds, be approximately 99% owned through a number of affiliated subsidiaries by CalEast Air Cargo Investors, LLC (“CalEast”), the purchaser of the Non-Offered Bonds. CalEast is not a Member of the Obligated Group.

The Obligations issued under the Master Indenture, including Senior Note No. 1, are secured by: (i) a pledge of Gross Revenues of each of the Members of the Obligated Group; (ii) a mortgage, deed of trust, leasehold mortgage or leasehold deed of trust, as applicable (collectively, the “Mortgages”), on leasehold or fee interests in certain facilities of the Members; (iii) a membership interest pledge and security agreement by CalEast CAC, LLC to the Master Trustee of its membership interests in TriPs; and (iv) a membership interest pledge and security agreement by TriPs to the Master Trustee of its ownership interests in each Member of the Obligated Group.

The Senior Note No. 1 securing the Series 2012A NYC IDA Bonds will be payable and secured as a Senior Obligation of the Obligated Group under the Master Indenture. Simultaneously with the issuance by the NYC IDA of its Series 2012A NYC IDA Bonds, the Public Finance Authority, a unit of government under the laws of the State of Wisconsin, will issue its (i) \$189,400,000 Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012B (the “Series 2012B PFA Bonds”), (ii) \$27,675,000 Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012C (the “Series 2012C PFA Bonds”), (iii) \$11,535,000 Public Finance Authority Subordinate Class B Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012D (the “Series 2012D PFA Bonds”), (iv) \$16,280,000* Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012E (the “Series 2012E PFA Bonds”) and (v) \$54,465,000* Public Finance Authority Subordinate Class B Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012F (the “Series 2012F PFA Bonds,”

* Amounts relating to the Series 2012E PFA Bonds and the Series 2012F PFA Bonds will be finalized upon the sale of such bonds on September 10, 2012. Pricing and sale information relating to the Series 2012E PFA Bonds and the Series 2012F PFA Bonds will be reflected in a supplement to the final Offering Statement to be distributed not more than seven (7) business days after the sale of such bonds.

and collectively with the Series 2012B PFA Bonds, the Series 2012C PFA Bonds, the Series 2012D PFA Bonds and the Series 2012E PFA Bonds, the “*Series 2012 PFA Bonds*”). The Series 2012 PFA Bonds are not offered by this Official Statement. The Series 2012A NYC IDA Bonds and the Series 2012 PFA Bonds are sometimes collectively referred to herein as the “*Series 2012 Bonds*.”

The Senior Notes (defined herein) securing the Series 2012A NYC IDA Bonds, the Series 2012B PFA Bonds, the Series 2012C PFA Bonds and the Series 2012E PFA Bonds (collectively, the “*Series 2012 Senior Bonds*”) will be payable and secured as Senior Obligations of the Obligated Group under the Master Indenture. The Subordinate Class B Notes (defined herein) securing the Series 2012D PFA Bonds and the Series 2012F PFA Bonds (collectively, the “*Series 2012 Subordinate Class B Bonds*”) will be payable and secured as Subordinate Class B Obligations of the Obligated Group under the Master Indenture. The Senior Notes will be senior in lien and payment to the Subordinate Class B Notes. The Series 2012 Senior Bonds will be the first four series of Senior Bonds secured under the Master Indenture. The Series 2012 Subordinate Class B Bonds will be the first two series of Subordinate Class B Bonds secured under the Master Indenture. Members of the Obligated Group may issue additional Senior Obligations and Subordinate Class B Obligations (as well as Subordinate Class A Obligations, of which none have been issued to date) including Obligations securing additional bonds. The Obligated Group is also issuing two Subordinate Class B Obligations in the form of indemnity agreements (the “*Indemnity Obligations*”), one to the NYC IDA and one to the Authority (collectively, the “*Indemnitees*”). Neither of the Indemnity Obligations will have a principal amount or accrue interest unless and until an amount is owed thereunder. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – COMMON SECURITY FOR OBLIGATED GROUP – Additional Bonds/Additional Obligations” under “INCLUSION BY SPECIFIC REFERENCE” herein.

The Series 2012A NYC IDA Bonds will be issued as registered bonds and will bear interest at fixed rates, all as indicated on the inside cover page herein, and will be issued in denominations of \$5,000 or any integral multiple thereof. Interest on the Series 2012A NYC IDA Bonds will accrue from the date of delivery of the Series 2012A NYC IDA Bonds and will be payable semiannually on January 1 and July 1, commencing January 1, 2013. The Series 2012A NYC IDA Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“*DTC*”). Purchases will be made only in book-entry form through DTC participants in the aforesaid authorized denominations, and no physical delivery of Series 2012A NYC IDA Bonds will be made to purchasers. Payments of principal or Redemption Price, if applicable, Sinking Fund Installments, and interest will be made to purchasers by DTC through its participants.

The Series 2012A NYC IDA Bonds will be subject to optional and mandatory redemption at the times and amounts set forth herein.

THE SERIES 2012A NYC IDA BONDS ARE SPECIAL LIMITED REVENUE OBLIGATIONS OF THE NYC IDA PAYABLE SOLELY FROM THE TRUST ESTATE PLEDGED THEREFOR. NEITHER THE STATE OF NEW YORK NOR THE CITY OF NEW YORK IS OR SHALL BE OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF, IF APPLICABLE, SINKING FUND INSTALLMENTS FOR OR INTEREST ON THE SERIES 2012A NYC IDA BONDS, AND NEITHER THE FAITH AND CREDIT NOR ANY TAXING POWERS OF THE STATE OF NEW YORK OR THE CITY OF NEW YORK IS PLEDGED TO SUCH PAYMENT. THE NYC IDA HAS NO TAXING POWER.

INVESTMENT IN THE SERIES 2012A NYC IDA BONDS INVOLVES SIGNIFICANT RISK AND PROSPECTIVE INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT PRIOR TO MAKING AN INVESTMENT DECISION. SEE “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – CERTAIN RISK FACTORS” UNDER “INCLUSION BY SPECIFIC REFERENCE” HEREIN FOR CERTAIN RISK FACTORS. PROSPECTIVE INVESTORS SHOULD ALSO CAREFULLY EVALUATE THE MERITS AND RISKS OF INVESTMENT IN THE SERIES 2012A NYC IDA BONDS AND SHOULD CONFER WITH THEIR LEGAL AND FINANCIAL ADVISORS, AS DEEMED APPROPRIATE.

The Series 2012A NYC IDA Bonds are offered when issued by the NYC IDA and accepted by the Underwriters, subject to prior sale when, as and if issued, and subject to the approving opinion of Hawkins Delafield & Wood LLP, New York, New York, NYC IDA Bond Counsel. Certain other legal matters will be passed upon for the NYC IDA by its Vice President for Legal Affairs, Richard E. Marshall, Esq., the JFK Member and the remainder of the Obligated Group and CalEast CAC LLC by Greenberg Traurig LLP, Philadelphia, Pennsylvania, and for the Underwriters by their co-counsel, Winston & Strawn LLP, New York, New York and Greene and Letts, Chicago, Illinois. It is expected that the Series 2012A NYC IDA Bonds will be available for delivery to DTC in New York, New York on or about September 13, 2012.

Goldman, Sachs & Co.

Cabrera Capital Markets, LLC

Loop Capital Markets

August 24, 2012

\$126,875,000
New York City Industrial Development Agency
Senior Airport Facilities Revenue and Refunding Bonds
(TriPs Obligated Group),
Series 2012A

MATURITY SCHEDULE

Due (July 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP[†]
2013	\$5,220,000	5.00%	1.750%	\$102.568	64972PAA2
2014	5,985,000	5.00	2.250	104.821	64972PAB0
2015	3,920,000	5.00	2.500	106.716	64972PAC8
2016	6,295,000	5.00	2.750	108.061	64972PAD6
2017	6,215,000	5.00	3.000	108.874	64972PAE4
2018	9,655,000	5.00	3.350	108.627	64972PAF1
2019	5,830,000	5.00	3.650	108.059	64972PAG9
2020	6,535,000	5.00	3.900	107.331	64972PAH7
2021	6,400,000	5.00	4.125	106.396	64972PAJ3
2022	8,805,000	5.00	4.200	106.366	64972PAK0

\$62,015,000 5.00% Term Bonds due July 1, 2028; Yield 4.50%^{††}; CUSIP[†] 64972PAL8

[†] Copyright, American Bankers Association. CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are provided solely for the convenience of bondholders only at the time of issuance of the Series 2012A NYC IDA Bonds, and the Authority and the Underwriters do not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP numbers for the Series 2012A NYC IDA Bonds are subject to being changed after the issuance of the Series 2012A NYC IDA Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Series 2012A NYC IDA Bonds.

^{††} Yield to the July 1, 2022 optional redemption date.

THE CITY OF NEW YORK

MICHAEL R. BLOOMBERG, Mayor

NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY

Board of Directors

Seth W. Pinsky, Chairman
Amanda M. Burden, Chair of the City Planning Commission of The City of New York
(ex officio)
John C. Liu, Comptroller of The City of New York
(ex officio)
Robert K. Steel, Deputy Mayor for Economic Development of The City of New York
(ex officio)
Michael A. Cardozo, Esq., Corporation Counsel of The City of New York
(ex officio)
Albert V. DeLeon
Joseph I. Douek
Kevin Doyle
Andrea Feirstein
Anthony C. Ferreri
Bernard Haber
Matthew Mirones
Albert M. Rodriguez
Robert D. Santos

Administration

Jeffrey T. Lee, Executive Director
Meredith J. Jones, Esq., General Counsel
Richard E. Marshall, Esq., Vice President for Legal Affairs
Kyle E. Kimball, Chief Financial Officer
Spencer Hobson, Treasurer
Bulent Celik, Assistant Treasurer

IMPORTANT INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Unlawful Offers. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the Series 2012A NYC IDA Bonds offered hereby, nor shall there be any offer, solicitation or sale of Series 2012A NYC IDA Bonds by any person in any jurisdiction in which such an offer, solicitation or sale is not authorized or in which the person making such offer, solicitation or sale is not qualified to do so, or to any person to whom it is unlawful to make such an offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the NYC IDA, the Obligated Group, the NYC IDA Trustee, the Master Trustee or the Underwriters.

Not a Contract; Not Investment Advice. This Official Statement is not a contract and does not provide investment advice. Investors should consult their financial advisors and legal counsel with questions about this Official Statement and the Series 2012A NYC IDA Bonds being offered, and any other matter related to this bond issue.

No Guarantee of Information. The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The information and expressions of opinion set forth herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the NYC IDA or the Obligated Group, or in any other matter since the date of this Official Statement.

The information set forth herein, other than that set forth under the captions “THE NYC IDA” and “LITIGATION – The NYC IDA” herein has been provided by the Obligated Group and not by the NYC IDA. The NYC IDA has provided the information set forth under the captions “THE NYC IDA” and “LITIGATION – The NYC IDA” herein and makes no representation, warranty or certification as to the adequacy or accuracy of the information set forth elsewhere in this Official Statement.

The order and placement of material in this Official Statement, including its parts and appendices, are not to be deemed a determination of relevance, materiality or importance, and all material in this Official Statement, including each part and all appendices, must be considered in its entirety.

Reference To Documents. Where statutes, reports, agreements or other documents are referred to herein, reference should be made to such statutes, reports, agreements or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof, and all summaries of such statutes, reports or other documents are qualified in their entirety by reference to such statutes, reports or other documents.

Statements of Expectations. If and when included in this Official Statement, the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates” and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the Obligated Group. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements speak only as of the date of this Official Statement. The NYC IDA, the

Underwriters and the Obligated Group disclaim any obligations or undertaking to release publicly any updates or revision to any forward-looking statement contained herein to reflect any change in the expectations of the Obligated Group with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

The prospective financial information included in this Official Statement and the Offering Statement, of which this Official Statement is a part, has been prepared by, and is the responsibility of, Aeroterm US, Inc. (the “*Manager*”). PricewaterhouseCoopers LLP has neither examined, compiled nor performed any procedures with respect to the accompanying prospective financial information and, accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto. The PricewaterhouseCoopers LLP audit report included in this Official Statement and the Offering Statement, of which this Official Statement is a part, relates solely to the historical consolidated financial statements for Cargo Acquisition Company, LLC (including the Initial Members (as defined herein)) for the year ending June 30, 2011. It does not extend to the prospective financial information and should not be read to do so.

No Registration. Upon issuance, the Series 2012A NYC IDA Bonds and related instruments will not be registered under the Securities Act of 1933, as amended, or under any state securities law, and the NYC IDA Indenture and the Master Indenture have not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon the exemptions contained in such Acts. The registration, qualification or exemption therefrom of the Series 2012A NYC IDA Bonds and related instruments in accordance with the applicable securities laws of the jurisdictions wherein the Series 2012A NYC IDA Bonds may be offered or sold shall not be construed as a recommendation of the Series 2012A NYC IDA Bonds by any person. The Series 2012A NYC IDA Bonds will not be listed on any stock or other securities exchange. The Series 2012A NYC IDA Bonds have not been recommended by any federal or state securities commission or regulatory authority, and neither the Securities and Exchange Commission nor any other federal, state or governmental entity or agency will have passed upon the accuracy or adequacy hereof. Any representation to the contrary may be a criminal offense.

Underwriter Transactions. In connection with this offering, the Underwriters may overallocate or effect transactions which stabilize or maintain the market price of the Series 2012A NYC IDA Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing transactions, if commenced, may be discontinued at any time. The Underwriters may offer and sell the Series 2012A NYC IDA Bonds to certain dealers and dealer banks and others at prices lower than the public offering prices stated on the inside cover page hereof, and said public offering price may be changed from time to time by the Underwriters.

Purchase of the Series 2012A NYC IDA Bonds involves significant risk. Prospective investors should read the entire Offering Statement prior to making an investment decision. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – CERTAIN RISK FACTORS” under “INCLUSION BY SPECIFIC REFERENCE” herein for certain factors that prospective purchasers should consider prior to purchasing any of the Series 2012A NYC IDA Bonds.

OFFICIAL STATEMENT

\$126,875,000
NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY
SENIOR AIRPORT FACILITIES REVENUE AND REFUNDING BONDS
(TriPs Obligated Group),
Series 2012A

INTRODUCTORY STATEMENT**General**

This Official Statement, including the cover page, the inside cover pages, the appendices hereto, and the information incorporated herein, sets forth certain information relating to the offering and sale of the \$126,875,000 New York City Industrial Development Agency Senior Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012A (the “*Series 2012A NYC IDA Bonds*”). Terms used in this Official Statement and not defined herein are defined in “APPENDIX A – Schedule of Definitions” hereto and “PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX F – CERTAIN DEFINED TERMS” under “INCLUSION BY SPECIFIC REFERENCE” herein.

The New York City Industrial Development Agency, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State of New York (the “*NYC IDA*”), is a corporate, governmental agency constituting a body corporate and politic and a public benefit corporation organized and existing under and pursuant to the New York State Industrial Development Agency Act, constituting Title I of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended, and pursuant to Chapter 1082 of the 1974 Laws of New York, as amended (collectively, the “*Act*”).

The Series 2012A NYC IDA Bonds are being issued by the NYC IDA pursuant to the Act, a resolution of the NYC IDA adopted on June 12, 2012, and an Indenture of Trust, dated as of September 1, 2012 (the “*NYC IDA Indenture*”) between the NYC IDA and The Bank of New York Mellon, as Trustee (the “*NYC IDA Trustee*”). See “APPENDIX B – Summary of Certain Provisions of the NYC IDA Indenture” hereto.

The Series 2012A NYC IDA Bonds will be issued as Senior Bonds and secured by Senior Master Trust Indenture Promissory Note, Series 2012-1 (the “*Senior Note No. 1*”), which Senior Note No. 1 will be secured on a parity with other Senior Obligations of the Obligated Group and on a senior basis to Subordinate Class A Obligations and additional Subordinate Class B Obligations issued by the Obligated Group, all under the terms of a Master Trust Indenture (Security Agreement), dated as of September 1, 2012, as supplemented by a First Supplemental Master Trust Indenture, dated as of September 1, 2012 (together, the “*Master Indenture*”), between the Initial Members and Wells Fargo Bank, National Association, as Master Trustee (the “*Master Trustee*”). See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – THE SENIOR NOTES” under “INCLUSION BY SPECIFIC REFERENCE” herein.

The Series 2012A NYC IDA Bonds will be sold in denominations of \$5,000 or any integral multiple thereof. The Series 2012A NYC IDA Bonds will mature on the dates and bear interest at the annual rates set forth on the inside cover page of this Official Statement, and will be subject to optional and mandatory redemption prior to maturity as described under “THE SERIES 2012A NYC IDA BONDS – Redemption Prior to Maturity” herein. Interest on the Series 2012A NYC IDA Bonds will be payable on January 1 and July 1, commencing on January 1, 2013. Interest on the Series 2012A NYC IDA Bonds will be computed on the basis of a 360-day year of twelve 30-day months. The Series 2012A NYC IDA Bonds will be issued as fully registered bonds and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“*DTC*”). DTC will act as securities depository of the Series 2012A NYC IDA Bonds. Purchases will be made only in book-entry form through DTC participants in the authorized denominations described above, and no physical delivery of Series 2012A NYC IDA Bonds will be made to purchasers. So long as Cede & Co., as nominee of DTC, is the registered owner, references to “*Bondholders*” or “*registered owners*” or “*owners*” or “*holder*” shall mean Cede & Co. and

shall not mean the beneficial owners of the Series 2012A NYC IDA Bonds, except under the heading “TAX MATTERS” herein. See “THE SERIES 2012A NYC IDA BONDS – Book-Entry Only System” herein.

NEITHER THE STATE OF NEW YORK, NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF NEW YORK, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE, IF APPLICABLE, OF, SINKING FUND INSTALLMENTS FOR, OR THE INTEREST ON THE SERIES 2012A NYC IDA BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF NEW YORK, IS PLEDGED TO SUCH PAYMENT OF THE SERIES 2012A NYC IDA BONDS. THE SERIES 2012A NYC IDA BONDS WILL NOT BE PAYABLE OUT OF ANY FUNDS OF THE NYC IDA OTHER THAN THOSE PLEDGED THEREFOR PURSUANT TO THE NYC IDA INDENTURE. THE SERIES 2012A NYC IDA BONDS WILL NOT GIVE RISE TO A PECUNIARY LIABILITY OR CHARGE AGAINST THE CREDIT OR TAXING POWERS OF THE STATE OF NEW YORK OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF NEW YORK. NO RECOURSE WILL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF, IF APPLICABLE, SINKING FUND INSTALLMENTS FOR, OR INTEREST ON, ANY SERIES 2012A NYC IDA BOND AGAINST ANY MEMBER, OFFICER, DIRECTOR, EMPLOYEE OR AGENT OF THE NYC IDA. THE NYC IDA HAS NO TAXING POWER.

Purpose of Issuance

The Series 2012A NYC IDA Bonds will be issued to (i) refund in whole the NYC IDA’s Special Airport Facility Revenue Bonds (2001 Airis JFK I, LLC Project at JFK International Airport), Series 2001A (the “*Series 2001A Bonds*”), the proceeds of which were used to finance the construction and equipping of two air cargo facilities located at John F. Kennedy International Airport (the “*Airport*”) in Queens, New York (the “*JFK Facilities*”), which JFK Facilities are leased by The Port Authority of New York and New Jersey (the “*Port Authority*”) to and operated by Aero JFK, LLC, a Delaware limited liability company (the “*JFK Member*”), (ii) fund a debt service reserve fund under the NYC IDA Indenture, and (iii) pay certain costs of issuance of the Series 2012A NYC IDA Bonds.

Pursuant to an Amended and Restated Agreement of Lease of the Municipal Air Terminals entered into by The City of New York (the “*City*”) and the Port Authority dated as of November 24, 2004 (the “*Basic Lease*”), the City has leased to the Port Authority, among other property, the Airport, including two parcels thereon, identified as Tract 8 (comprising approximately 23.559 acres of land) and Tract 9A (comprising approximately 18.158 acres of land) (“*Tract 8*” and “*Tract 9A*,” respectively). The Basic Lease permits the Port Authority to sublease Tract 8 and Tract 9A and to authorize improvements and construction thereon. Unless earlier terminated, the Basic Lease’s term will expire on December 31, 2050. No attempt is made herein to summarize the Basic Lease, copies of which may be obtained upon reasonable prior notice from the Office of the Counsel, New York City Department of Small Business Services, located at 110 William Street, 7th Floor, New York, New York 10038.

Pursuant to (i) an Agreement of Lease (Lease No. AYD-037) between the Port Authority and the JFK Member, effective as of November 15, 2000 (the “*Tract 8 Ground Lease*”), the Port Authority has leased the Tract 8 Facility to the JFK Member, and (ii) an Agreement of Lease (Lease No. AYD-038) between the Port Authority and the JFK Member, effective as of November 15, 2000 (the “*Tract 9A Ground Lease*”), the Port Authority has leased the Tract 9A Facility to the JFK Member (the Tract 8 Ground Lease and the Tract 9A Ground Lease, collectively the “*JFK Ground Leases*”).

Series 2012B PFA Bonds and Non-Offered Bonds

Simultaneously with the issuance of the Series 2012A NYC IDA Bonds, the Public Finance Authority, a unit of government under the laws of the State of Wisconsin, will issue its (i) \$189,400,000 Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012B (the “*Series 2012B PFA Bonds*”), (ii) \$27,675,000 Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012C (the “*Series 2012C PFA Bonds*”), (iii) \$11,535,000 Public Finance Authority Subordinate Class B Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group),

Series 2012D (the “*Series 2012D PFA Bonds*”), (iv) \$16,280,000* Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012E (the “*Series 2012E PFA Bonds*”) and (v) \$54,465,000* Public Finance Authority Subordinate Class B Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012F (the “*Series 2012F PFA Bonds*”) and collectively with the Series 2012B PFA Bonds, the Series 2012C PFA Bonds, the Series 2012D PFA Bonds and the Series 2012E PFA Bonds, the “*Series 2012 PFA Bonds*”). The Series 2012 PFA Bonds are not offered by this Official Statement, but the Series 2012A NYC IDA Bonds and the Series 2012B PFA Bonds are sometimes referred to as the “*Offered Bonds*.”

The Series 2012C PFA Bonds, the Series 2012D PFA Bonds, the Series 2012E PFA Bonds and the Series 2012F PFA Bonds (collectively, the “*Non-Offered Bonds*”) will not be offered or sold to the public and will be sold directly to CalEast Air Cargo Investors, LLC, a Delaware limited liability company (“*CalEast*”). The Series 2012B PFA Bonds, the Series 2012C PFA Bonds and the Series 2012D PFA Bonds, will be sold simultaneously with the Series 2012A NYC IDA Bonds and pricing and sale information relating to the Series 2012B PFA Bonds, the Series 2012C PFA Bonds and the Series 2012D PFA Bonds will be reflected in the final Offering Statement distributed with respect to the Offered Bonds. The Series 2012E PFA Bonds and the Series 2012F PFA Bonds will be sold not less than fifteen (15) days after the sale of the Series 2012A NYC IDA Bonds and pricing and sale information relating to such bonds will be reflected in a supplement to the final Offering Statement to be distributed not more than seven (7) business days after the sale of such bonds.

The four Senior Notes (defined herein) securing the Series 2012A NYC IDA Bonds, the Series 2012B PFA Bonds, the Series 2012C PFA Bonds and the Series 2012E PFA Bonds, respectively (collectively, the “*Series 2012 Senior Bonds*”), will be payable and secured as Senior Obligations of the Obligated Group under the Master Indenture. The Obligated Group is also issuing two Subordinate Class B Obligations in the form of indemnity agreements (the “*Indemnity Obligations*”), one to the NYC IDA and one to the Authority (collectively, the “*Indemnitees*”). Neither of the Indemnity Obligations will have a principal amount or accrue interest unless and until an amount is owed thereunder. The two Subordinate Class B Notes (defined herein) securing the Series 2012D PFA Bonds and the Series 2012F PFA Bonds, respectively (collectively, the “*Series 2012 Subordinate Class B Bonds*”), will be payable and secured as Subordinate Class B Obligations of the Obligated Group under the Master Indenture. The Senior Notes will be senior in lien and payment to the Subordinate Class B Notes and any Subordinate Class A Obligations or any additional Subordinate Class B Obligations issued in the future. The Series 2012 Senior Bonds will be the first four series of Senior Bonds secured under the Master Indenture. The Series 2012 Subordinate Class B Bonds will be the first two series of Subordinate Class B Bonds secured under the Master Indenture.

Security for the Series 2012A NYC IDA Bonds; the Obligated Group; Other Parity Debt of the Obligated Group

Concurrently with the delivery of the Series 2012A NYC IDA Bonds, the JFK Member and the NYC IDA will enter into an Amended and Restated Company Sublease Agreement with respect to the JFK Facilities, dated as of September 1, 2012 (as amended, the “*Company Sublease*”), pursuant to which the JFK Member, as lessor, will sublease the JFK Facilities to the NYC IDA, as lessee, for the term of the Series 2012A NYC IDA Bonds and for a nominal rental. Simultaneously with the delivery of the Company Sublease, the NYC IDA, as seller, and the JFK Member, as purchaser, will enter into an Installment Sale Agreement and Assignment of Lease with respect to the JFK Facilities, dated as of September 1, 2012 (as amended, the “*NYC IDA Installment Sale Agreement*”), pursuant to which the NYC IDA will sell and assign its subleasehold interest in the JFK Facilities under the Company Sublease to the JFK Member. The JFK Member is obligated under the NYC IDA Installment Sale Agreement to make installment purchase payments over the term of the Series 2012A NYC IDA Bonds sufficient to provide for the timely payment of the principal or Redemption Price of, if applicable, Sinking Fund Installments for, and interest on the Series 2012A NYC IDA Bonds, together with certain other fees and expenses as the same become due. The obligation of the JFK Member, as purchaser, to make installment purchase payments under the NYC IDA Installment Sale Agreement is an absolute, unconditional and general obligation of the JFK Member. The obligation of the JFK Member to make payments equal to the principal or Redemption Price of, if applicable, Sinking Fund

* Amounts relating to the Series 2012E PFA Bonds and the Series 2012F PFA Bonds will be finalized upon the sale of such bonds on September 10, 2012. Pricing and sale information relating to the Series 2012E PFA Bonds and the Series 2012F PFA Bonds will be reflected in a supplement to the final Offering Statement to be distributed not more than seven (7) business days after the sale of such bonds.

Installments for, and interest on the Series 2012A NYC IDA Bonds will be secured by Senior Note No. 1, dated the date of issue of the Series 2012A NYC IDA Bonds and issued by the Obligated Group under the Master Indenture in favor of the NYC IDA Trustee. Each of the Members of the Obligated Group will be jointly and severally liable on Obligations issued under the Master Indenture, including Senior Note No. 1, along with the “*Senior Note No. 2*,” the “*Senior Note No. 3*” and the “*Senior Note No. 4*,” as described in “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – COMMON SECURITY FOR OBLIGATED GROUP” under “INCLUSION BY SPECIFIC REFERENCE” herein (altogether, the “*Senior Notes*”), together with other Master Trust Indenture Promissory Notes issued under the Master Indenture, including Subordinate Class A Obligations and additional Subordinate Class B Obligations, such as the Subordinate Class B Master Trust Indenture Notes, Series 2012-1 and Series 2012-2 (the “*Subordinate Class B Note No. 1*” and the “*Subordinate Class B Note No. 2*,” respectively, and as described in “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – COMMON SECURITY FOR OBLIGATED GROUP” under “INCLUSION BY SPECIFIC REFERENCE” herein and together, the “*Subordinate Class B Notes*,” and collectively, with the Senior Notes and any other Master Trust Indenture Promissory Notes issued under the Master Indenture, the “*Notes*”).

Pursuant to a certain Special Covenants Agreement, dated as of September 1, 2012, from the Group Representative on behalf of the Obligated Group to the NYC IDA and the NYC IDA Trustee (as amended, the “*Special Covenants Agreement*”), the Group Representative will provide certain representations, warranties, covenants and agreements on behalf of the Obligated Group for the benefit of the NYC IDA and the NYC IDA Trustee.

Contemporaneously with the issuance of the Series 2012A NYC IDA Bonds, the JFK Member and the PFA Members as described in “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – THE OBLIGATED GROUP AND THE GROUP REPRESENTATIVE” herein (together, the “*Initial Members*”) will form the Obligated Group. The Obligated Group is initially comprised of Transportation Infrastructure Properties, LLC, a Delaware limited liability company (“*TriPs*”), serving as the Group Representative, and a group of thirty-eight (38) affiliated entities all of the ownership interests of which will, contemporaneously with the issuance of the Series 2012A NYC IDA Bonds, be transferred to TriPs. In addition, approximately 99% of the membership interest of TriPs will, contemporaneously with the issuance of the Series 2012A NYC IDA Bonds, be owned through two affiliated subsidiaries by CalEast, the purchaser of the Non-Offered Bonds.

Security Pledged by Obligated Group; Gross Revenues; Mortgages; Pledge Agreements

To secure their obligations evidenced by the Notes and any Additional Obligations (as defined in the Master Indenture) issued pursuant to the Master Indenture, the Members of the Obligated Group will assign and pledge to the Master Trustee, and grant a first priority security interest with respect to the Senior Notes to the Master Trustee, in all Funds held under the Master Indenture (other than the Rebate Fund) and all right, title and interest in the Gross Revenues and in the Mortgages (defined below). See “PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE” under “INCLUSION BY SPECIFIC REFERENCE” herein. The Master Indenture requires that Gross Revenues **(other than amounts to be paid or which have accrued that month under each of the Ground Leases within, or allocable to, the then current month)** be deposited with the Master Trustee to be applied as provided in the Master Indenture. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – COMMON SECURITY FOR OBLIGATED GROUP – Flow of Funds” under “INCLUSION BY SPECIFIC REFERENCE” herein.

For the purpose of securing its joint and several obligations under the Master Indenture, including the Senior Notes, certain Members have entered into a mortgage, deed of trust or leasehold mortgage in all or a portion of its Facility made in favor of the Master Trustee. Under the Mortgages, the NYC IDA Trustee, as holder of Senior Note No. 1, and any other holder of the Senior Notes, will have a first lien in the leasehold interests covered by the Mortgages. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – THE OBLIGATED GROUP AND THE GROUP REPRESENTATIVE – The Initial Members and the Facilities” under “INCLUSION BY SPECIFIC REFERENCE” herein and “PART V –

APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE MORTGAGES” under “INCLUSION BY SPECIFIC REFERENCE” herein for a summary of certain provisions of the form of Mortgage.

The Obligations issued under the Master Indenture, including the Senior Notes and the Subordinate Class B Notes, are secured by: (i) a pledge of Gross Revenues of each of the Members of the Obligated Group; (ii) the Mortgages; (iii) a membership interest pledge and security agreement by CalEast CAC, LLC to the Master Trustee of its membership interests in TrIPs; and (iv) a membership interest pledge and security agreement by TrIPs to the Master Trustee of its ownership interests in each Member of the Obligated Group. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – COMMON SECURITY FOR OBLIGATED GROUP – Membership Interest Pledge Agreements” under “INCLUSION BY SPECIFIC REFERENCE” herein.

THE SENIOR NOTES WILL CONSTITUTE THE JOINT AND SEVERAL OBLIGATIONS OF EACH MEMBER OF THE OBLIGATED GROUP UNDER THE MASTER INDENTURE. GROSS REVENUES OF THE OBLIGATED GROUP DEPOSITED PURSUANT TO THE MASTER INDENTURE WILL BE APPLIED TO SATISFY PAYMENT OF ALL SENIOR OBLIGATIONS (INCLUDING, WITHOUT LIMITATION, SENIOR NOTE NO. 1) IN ACCORDANCE WITH THE PRIORITY OF THE MASTER INDENTURE OBLIGATION (SEE “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – COMMON SECURITY FOR OBLIGATED GROUP – MORTGAGES,” “ – MASTER INDENTURE – GROSS REVENUE PLEDGE” AND “- FLOW OF FUNDS” UNDER “INCLUSION BY SPECIFIC REFERENCE”), ON A PARITY BASIS, INCLUDING, WITHOUT LIMITATION, SENIOR NOTE NO. 1, SENIOR NOTE NO. 2, SENIOR NOTE NO. 3 AND SENIOR NOTE NO. 4. HOWEVER, (A) FAILURE BY ANY MEMBER TO SATISFY ITS PAYMENT OBLIGATIONS UNDER THE NYC IDA INSTALLMENT SALE AGREEMENT OR THE PFA LOAN AGREEMENT, AS APPLICABLE (THE NYC IDA INSTALLMENT SALE AGREEMENT AND THE PFA LOAN AGREEMENT ARE SOMETIMES COLLECTIVELY REFERRED TO HEREIN AS THE “*FINANCING AGREEMENTS*”), (B) THE OCCURRENCE OF AN EVENT OF DEFAULT UNDER EITHER FINANCING AGREEMENT OR A RELATED MORTGAGE, OR (C) THE OCCURRENCE OF AN EVENT OF DEFAULT UNDER THE RELATED INDENTURE, WILL CONSTITUTE AN EVENT OF DEFAULT UNDER THE MASTER INDENTURE AND UNDER EACH OF THE FINANCING AGREEMENTS, MORTGAGES AND INDENTURES, WHICH MAY RESULT IN ACCELERATION OF ALL OR A PORTION OF THE OFFERED BONDS. SEE “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – COMMON SECURITY FOR OBLIGATED GROUP – MASTER INDENTURE – GROSS REVENUE PLEDGE” UNDER “INCLUSION BY SPECIFIC REFERENCE” HEREIN.

Sources of Payment for the Series 2012A NYC IDA Bonds

The JFK Member has subleased the JFK Facilities to Tenants who will use all or a portion of such Facilities to conduct freight or air cargo operations, other aviation-related businesses, or other businesses permitted under the JFK Ground Leases and will pay rent to the JFK Member pursuant to a sublease (each such existing or future sublease, a “*JFK Tenant Lease*” and collectively, the “*JFK Tenant Leases*”). See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – THE FACILITIES, MANAGEMENT AND THE TENANTS” under “INCLUSION BY SPECIFIC REFERENCE” herein. Such rent constitutes the only source of revenue of the JFK Member. The JFK Member’s interest in its respective JFK Tenant Lease(s) in those portions of the JFK Facilities covered by the JFK Mortgage, along with its leasehold interest in the applicable JFK Facility, has been assigned to the Master Trustee and is security for its obligations under the Master Indenture.

THE VARIOUS TENANTS OF THE FACILITIES SUBLEASED (OR LEASED WITH RESPECT TO FEE OWNED FACILITIES) BY THE MEMBERS OF THE OBLIGATED GROUP DO NOT HAVE, AND WILL NOT HAVE, ANY OBLIGATION TO MAKE ANY PAYMENTS WITH RESPECT TO THE SERIES 2012A NYC IDA BONDS AND ARE OBLIGATED ONLY TO PAY RENT UNDER THEIR RESPECTIVE TENANT LEASES.

Additional Bonds/Additional Obligations

The NYC IDA Indenture provides that additional bonds ranking on a parity with the Series 2012A NYC IDA Bonds may be issued upon satisfaction of certain conditions set forth in the NYC IDA Indenture. Such additional bonds may be issued without Bondholders' consent upon satisfaction of the conditions of the NYC IDA Indenture and the Master Indenture with respect to such additional bonds and the issuance of additional Notes or other Obligations under the Master Indenture to secure the same. Moreover, additional obligations may be issued under the Master Indenture to provide proceeds to the Members of the Obligated Group to finance additional projects in accordance with the provisions of the Master Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012A NYC IDA BONDS – Additional Bonds/Additional Obligations."

Limitations of Sources of Repayment

THE MEMBERS OF THE OBLIGATED GROUP HAVE NO SIGNIFICANT ASSETS, OTHER THAN FEE INTERESTS IN CERTAIN FACILITIES, THE GROUND LEASES IN CERTAIN FACILITIES AND THE TENANT LEASES, AND PAYMENT OF THE SERIES 2012A NYC IDA BONDS IS THEREFORE DEPENDENT UPON REVENUES GENERATED BY THE TENANT LEASES. FURTHER, THE TERMS OF ALL OF THE CURRENT TENANT LEASES EXPIRE PRIOR TO THE MATURITY OF THE SERIES 2012A NYC IDA BONDS. PROSPECTIVE INVESTORS SHOULD READ "PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – CERTAIN RISK FACTORS" UNDER "INCLUSION BY SPECIFIC REFERENCE" HEREIN FOR A DESCRIPTION OF CERTAIN RISKS WHICH MAY AFFECT THE ABILITY OF THE OBLIGATED GROUP TO GENERATE SUCH REVENUES.

Limited Obligations

THE SERIES 2012A NYC IDA BONDS ARE SPECIAL LIMITED REVENUE OBLIGATIONS OF THE NYC IDA PAYABLE SOLELY FROM THE TRUST ESTATE PLEDGED UNDER THE NYC IDA INDENTURE AND SENIOR NOTE NO. 1. NEITHER THE STATE OF NEW YORK NOR THE CITY OF NEW YORK IS OR SHALL BE OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF, IF APPLICABLE, SINKING FUND INSTALLMENTS FOR, OR INTEREST ON THE SERIES 2012A NYC IDA BONDS, AND THE SERIES 2012A NYC IDA BONDS DO NOT GIVE RISE TO A PECUNIARY LIABILITY OR CHARGE AGAINST THE FULL FAITH AND CREDIT OR TAXING POWERS OF THE STATE OF NEW YORK OR THE CITY OF NEW YORK. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEW YORK OR OF THE CITY OF NEW YORK IS PLEDGED TO ANY SUCH PAYMENT ON THE SERIES 2012A NYC IDA BONDS. THE SERIES 2012A NYC IDA BONDS DO NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE NYC IDA NOR SHALL THE SERIES 2012A NYC IDA BONDS BE PAYABLE OUT OF ANY FUNDS OF THE NYC IDA OTHER THAN THOSE PLEDGED THEREFOR. THE NYC IDA HAS NO TAXING POWER.

NEITHER THE MEMBERS, DIRECTORS, OFFICERS OR AGENTS OF THE NYC IDA NOR ANY PERSON EXECUTING THE SERIES 2012A NYC IDA BONDS SHALL BE LIABLE PERSONALLY THEREFOR OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE THEREOF.

ACCORDINGLY, NO FINANCIAL INFORMATION WITH RESPECT TO THE NYC IDA HAS BEEN INCLUDED IN THIS OFFICIAL STATEMENT.

THE NYC IDA HAS NOT VERIFIED, AND DOES NOT REPRESENT IN ANY WAY, THE ACCURACY OR COMPLETENESS OF ANY OF THE INFORMATION SET FORTH IN THIS OFFICIAL STATEMENT OTHER THAN THAT INFORMATION SET FORTH UNDER THE HEADINGS "THE NYC IDA" AND "LITIGATION – THE NYC IDA" HEREIN.

Other Information

The information contained in this Introductory Statement is only a brief description and a full review should be made of the entire Official Statement, including the Appendices and any documents or information incorporated herein by reference. This Introductory Statement is expressly qualified by reference to the entire Official Statement. This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change without notice. Summaries and descriptions of certain provisions of the NYC IDA Indenture and the NYC IDA Installment Sale Agreement are included in Appendices B and C, respectively. Those descriptions and summaries do not purport to be comprehensive or definitive, and all references in this Official Statement to the NYC IDA Indenture and the NYC IDA Installment Sale Agreement are qualified in their entirety by reference to those documents, and all references to the Series 2012A NYC IDA Bonds are qualified by reference to the definitive form of the Series 2012A NYC IDA Bonds contained in the NYC IDA Indenture. Copies of those documents may be obtained from Goldman, Sachs & Co., 200 West Street, New York, New York 10282, and such documents will also be on file at the designated corporate trust office of the NYC IDA Trustee in New York, New York.

The purchase of the Series 2012A NYC IDA Bonds involves a certain degree of risk. Prospective purchasers should carefully consider the information under the caption “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – CERTAIN RISK FACTORS” under “INCLUSION BY SPECIFIC REFERENCE” herein.

INCLUSION BY SPECIFIC REFERENCE

Portions of the Offering Statement dated the date hereof delivered together with this Official Statement, subject to the information contained elsewhere herein, are included by specific reference, namely the following Parts and sub-parts:

PART I – SUMMARY OF OFFERING

PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS

PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS

THE NYC IDA

The NYC IDA is a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State of New York (the “*State*”) having an office for the transaction of business located at 110 William Street, New York, New York 10038. The NYC IDA was formed in 1974 pursuant to the Act, for the purpose of promoting the economic welfare of the inhabitants of The City of New York and promoting, developing, encouraging and assisting in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial and research facilities, thereby advancing the job opportunities, health, general prosperity and economic welfare of the people of the State of New York and improving their prosperity and standard of living.

To support its activities, the NYC IDA contracts with the New York City Economic Development Corporation (“*EDC*”) to provide staff and technical assistance. EDC is a not-for-profit local development corporation which includes among its purposes the administration of government financing programs which foster economic development in the City.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012A NYC IDA BONDS

Pledge Under the NYC IDA Indenture

In order to secure the payment of the principal or Redemption Price of, if applicable, Sinking Fund Installments, and interest on the Series 2012A NYC IDA Bonds, the NYC IDA pursuant to the NYC IDA Indenture will pledge and assign to the NYC IDA Trustee, among other things, (i) all monies and securities from time to time held by the NYC IDA Trustee under the terms of the NYC IDA Indenture, including amounts set apart and transferred to the Earnings Fund, the Project Fund, the Bond Fund, the Debt Service Reserve Fund or any special fund, and all investment earnings of any of the foregoing, subject to disbursements from the Earnings Fund, the Debt Service Reserve Fund, the Project Fund or any such special fund in accordance with the provisions of the NYC IDA Installment Sale Agreement and the NYC IDA Indenture; (ii) all right, title and interest of NYC IDA in and to the NYC IDA Installment Sale Agreement, including all installment purchase payments, revenues and receipts payable or receivable thereunder, excluding, however the NYC IDA's Reserved Rights, which the NYC IDA's Reserved Rights may be enforced by the NYC IDA and the NYC IDA Trustee, jointly or severally; and (iii) any and all other property of every kind and nature from time to time which was, as of the date of the NYC IDA Indenture and thereafter, by the NYC IDA, to the NYC IDA Trustee which is authorized to receive any and all such property at any time and at all times to hold and apply the same subject to the terms thereof, under the NYC IDA Indenture. For a description of certain provisions of the NYC IDA Indenture, see "APPENDIX B – Summary of Certain Provisions of the NYC IDA Indenture" hereto.

Limitations of Sources of Repayment

THE MEMBERS OF THE OBLIGATED GROUP HAVE NO SIGNIFICANT ASSETS, OTHER THAN FEE INTERESTS IN CERTAIN FACILITIES, THE GROUND LEASES IN CERTAIN FACILITIES AND THE TENANT LEASES, AND PAYMENT OF THE SERIES 2012A NYC IDA BONDS IS THEREFORE DEPENDENT UPON REVENUES GENERATED BY THE TENANT LEASES. FURTHER, THE TERMS OF ALL OF THE CURRENT TENANT LEASES EXPIRE PRIOR TO THE FINAL MATURITY DATE OF THE SERIES 2012A NYC IDA BONDS. PROSPECTIVE INVESTORS SHOULD READ "PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – CERTAIN RISK FACTORS" UNDER "INCLUSION BY SPECIFIC REFERENCE" HEREIN FOR A DESCRIPTION OF CERTAIN RISKS WHICH MAY AFFECT THE ABILITY OF THE OBLIGATED GROUP TO GENERATE SUCH REVENUES.

Limited Obligations

THE SERIES 2012A NYC IDA BONDS ARE SPECIAL LIMITED REVENUE OBLIGATIONS OF THE NYC IDA, PAYABLE BY THE NYC IDA AS TO PRINCIPAL OR REDEMPTION PRICE OF, IF APPLICABLE, SINKING FUND INSTALLMENTS, AND INTEREST SOLELY FROM THE SOURCES PLEDGED THEREFOR. THE SERIES 2012A NYC IDA BONDS DO NOT CONSTITUTE AND SHALL NOT BE A DEBT OR INDEBTEDNESS OF THE STATE OR OF THE CITY, AND NEITHER THE STATE NOR THE CITY SHALL BE LIABLE THEREON. THE SERIES 2012A NYC IDA BONDS DO NOT GIVE RISE TO A PECUNIARY LIABILITY OR CHARGE AGAINST THE FULL FAITH AND CREDIT OR TAXING POWERS OF THE STATE OR OF THE CITY. THE SERIES 2012A NYC IDA BONDS DO NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE NYC IDA NOR SHALL THE SERIES 2012A NYC IDA BONDS BE PAYABLE OUT OF ANY FUNDS OF THE NYC IDA OTHER THAN THOSE PLEDGED THEREFOR. NO RECOURSE WILL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF, IF APPLICABLE, SINKING FUND INSTALLMENTS, OR INTEREST ON, ANY SERIES 2012A NYC IDA BOND AGAINST ANY MEMBER, OFFICER, DIRECTOR, EMPLOYEE OR AGENT OF THE NYC IDA. THE NYC IDA HAS NO TAXING POWER.

NYC IDA Installment Sale Agreement

Concurrently with the issuance of the Series 2012A NYC IDA Bonds, the JFK Member will sublease the JFK Facilities to the NYC IDA pursuant to the Company Sublease, and pursuant to the NYC IDA Installment Sale Agreement, the NYC IDA will sell and assign to the JFK Member the NYC IDA's subleasehold interest in the JFK

Facilities under the Company Sublease. The JFK Member is obligated under and pursuant to the NYC IDA Installment Sale Agreement to make installment purchase payments to the NYC IDA Trustee in amounts sufficient to pay the principal or Redemption Price of, if applicable, Sinking Fund Installments, and interest on the Series 2012A NYC IDA Bonds, together with certain other fees and expenses as the same become due. The obligation of the JFK Member as purchaser to make installment purchase payments under the NYC IDA Installment Sale Agreement is an absolute, unconditional and general obligation of the JFK Member. For a further description of the NYC IDA Installment Sale Agreement, see “APPENDIX C – Summary of Certain Provisions of the NYC IDA Installment Sale Agreement” hereto.

Pursuant to the NYC IDA Installment Sale Agreement, installment purchase payments are required to be paid directly to the NYC IDA Trustee in immediately available funds, on the Business Day before each date upon which principal or Redemption Price, if applicable, Sinking Fund Installments, or interest are due on the Series 2012A NYC IDA Bonds. Such installment purchase payments are to continue to be made until the principal or Redemption Price of, if applicable, Sinking Fund Installments, and interest on the Series 2012A NYC IDA Bonds have been fully paid, or provision for the payment thereof has been made in accordance with the provisions of the NYC IDA Indenture. The JFK Member covenants to make (or cause the Master Trustee to make in accordance with the Master Indenture) installment purchase payments on each Installment Purchase Payment Date in amounts equal to the principal or Redemption Price of, if applicable, Sinking Fund Installments, and interest on the Series 2012A NYC IDA Bonds next coming due, which installment purchase payments the JFK Member agrees shall be paid in immediately available funds by the JFK Member directly to the NYC IDA Trustee. If insufficient moneys are then on deposit in the Bond Fund (taking into account any amounts to be transferred to or credited to the Bond Fund pursuant to the NYC IDA Indenture or the Master Indenture) and available therefore, the JFK Member shall pay (or cause the Master Trustee to pay in accordance with the Master Indenture) to the NYC IDA Trustee for deposit in the Bond Fund the amount necessary (in immediately available funds, as necessary) for the payment of principal or Redemption Price of, if applicable, Sinking Fund Installments, and interest next due on the Series 2012A NYC IDA Bonds.

Debt Service Reserve Fund

At the time of issuance of the Series 2012A NYC IDA Bonds, the NYC IDA Trustee will deposit into the Debt Service Reserve Fund established with respect to the Series 2012A NYC IDA Bonds, an amount equal to the Debt Service Reserve Fund Requirement (as defined below) with respect to the Series 2012A NYC IDA Bonds. The “*Debt Service Reserve Fund Requirement*” shall mean, as of any particular date of computation, an amount (which amount may take the form of cash, Qualified Investments or any combination thereof) equal to fifty percent (50%) (or one hundred percent (100%) upon receipt by the NYC IDA Trustee of a Notice of Reserve Fund Increase until receipt by the NYC IDA Trustee of a Notice of Reserve Fund Decrease) of the maximum annual debt service requirements for the Series 2012A NYC IDA Bonds, but in no event greater than the least of: (i) ten percent (10%) of the net proceeds of the Outstanding Series 2012A NYC IDA Bonds; (ii) one hundred percent (100%) of the greatest amount required in the then current or any future calendar year to pay the sum of the scheduled principal and interest payable on Outstanding Series 2012A NYC IDA Bonds; or (iii) one hundred twenty-five percent (125%) of the average annual amount required in the then current or any future calendar year to pay the sum of scheduled principal and interest on Outstanding Series 2012A NYC IDA Bonds. A Notice of Reserve Fund Increase is required to be delivered if the Senior Debt Service Coverage Ratio or the Projected Senior Debt Service Coverage Ratio has been below 1.30 for eight consecutive fiscal quarters. Following delivery of a Notice of Reserve Fund Increase, if the Senior Debt Service Coverage Ratio or the Projected Senior Debt Service Coverage Ratio has been above 1.30 for twenty (20) consecutive fiscal quarters, a Notice of Reserve Fund Decrease shall be delivered and the Debt Service Reserve Fund Requirement shall revert to an amount equal to fifty percent (50%) of the maximum annual debt service requirements for the Outstanding Series 2012A NYC IDA Bonds, subject to the limitations under clauses (i), (ii) and (iii) of the second sentence of the immediately preceding paragraph.

Common Security

The Series 2012A NYC IDA Bonds are further secured by the Mortgages, the Senior Note No. 1 and the provisions of the Master Indenture. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – COMMON SECURITY FOR OBLIGATED GROUP” under “INCLUSION BY SPECIFIC REFERENCE” herein.

Additional Bonds/Additional Obligations

The NYC IDA Indenture provides that additional bonds ranking on a parity with the Series 2012A NYC IDA Bonds may be issued upon satisfaction of certain conditions set forth in the NYC IDA Indenture. Such additional bonds may be issued without Bondholders’ consent upon satisfaction of the conditions of the NYC IDA Indenture and the Master Indenture with respect to such additional bonds and the issuance of additional Notes or other Obligations under the Master Indenture to secure the same. Moreover, additional Obligations may be issued under the Master Indenture to provide proceeds to the Members of the Obligated Group to finance additional projects in accordance with the provisions of the Master Indenture. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – COMMON SECURITY FOR OBLIGATED GROUP – Additional Bonds/Additional Obligations” under “INCLUSION BY SPECIFIC REFERENCE” herein.

Additional Information

For additional information regarding the Series 2012A NYC IDA Bonds and the NYC IDA Indenture, see “APPENDIX B – Summary of Certain Provisions of the NYC IDA Indenture” hereto.

PURPOSE OF ISSUE AND PLAN OF FINANCE

General

The proceeds of the Series 2012A NYC IDA Bonds, together with other available funds, will be used to (i) redeem and defease prior to maturity thereof the Series 2001A Bonds which are outstanding as of the date of this Official Statement in the principal amount of \$140,450,000, (ii) fund the Debt Service Reserve Fund established under the NYC IDA Indenture for the benefit of the Holders of the Series 2012A NYC IDA Bonds and (iii) pay certain costs relating to the issuance of the Series 2012A NYC IDA Bonds.

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ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds for the Series 2012A NYC IDA Bonds:

<u>Sources</u>	
Par	\$ 126,875,000
Premium	6,927,528
Equity	2,848,312
Prior Funds ¹	18,461,380
Total²	\$ 155,112,221
<u>Uses</u>	
Refunding Escrow Deposit	\$ 142,278,857
Debt Service Reserve Fund	7,310,000
Cost of Issuance	5,523,363
Total²	\$ 155,112,221

¹ Includes funds from existing debt service funds, debt service reserve funds, maintenance & operating reserves and is net of termination expenses associated with certain debt service reserve fund contracts.

² The totals may not add due to rounding.

THE SERIES 2012A NYC IDA BONDS

General

The Series 2012A NYC IDA Bonds will be issued as fully registered bonds without coupons in the aggregate principal amount of \$126,875,000. Principal or Redemption Price of, if applicable, Sinking Fund Installments for, and interest on the Series 2012A NYC IDA Bonds will be payable in lawful money of the United States of America. The principal or Redemption Price of and Sinking Fund Installments for, the Series 2012A NYC IDA Bonds shall be payable by check or draft upon presentation thereof at the designated corporate trust office of the NYC IDA Trustee in New York, New York. Payment of interest on the Series 2012A NYC IDA Bonds will be made as described below under “Payment of Interest.” The Series 2012A NYC IDA Bonds will be in authorized denominations of \$5,000 or any integral multiple thereof.

The Series 2012A NYC IDA Bonds are subject to optional and mandatory redemption prior to maturity as described under “Redemption of Series 2012A NYC IDA Bonds” below.

Payment of Interest

Interest on the Series 2012A NYC IDA Bonds will be computed on the basis of a 360-day year of twelve 30-day months and will be payable on each January 1 and July 1, commencing on January 1, 2013 to maturity (or earlier redemption). Interest on the Series 2012A NYC IDA Bonds shall be payable to the persons appearing on the registration books of the NYC IDA Trustee as the registered owners thereof on the Record Date (which shall be the close of business on the 15th day of the month immediately preceding each Interest Payment Date; provided, that if any such day is not a Business Day, the next preceding Business Day) next preceding the Interest Payment Date, (1) by check or draft mailed on the Interest Payment Date to the registered owners, or (2) by wire transfer on the Interest Payment Date to any owner of at least \$1,000,000 in aggregate principal amount of Series 2012A NYC IDA Bonds upon written notice provided by the owner to the NYC IDA Trustee not later than five (5) Business Days prior to the Record Date for such interest payment. As long as the Series 2012A NYC IDA Bonds are registered in the name of Cede & Co. as nominee of the DTC, such payments will be made directly to DTC. See “BOOK-ENTRY ONLY SYSTEM” below.

Redemption of Series 2012A NYC IDA Bonds

Optional Redemption. The Series 2012A NYC IDA Bonds maturing on July 1, 2028 shall be subject to redemption, on or after July 1, 2022, in whole or in part at any time (but if in part in integral multiples of \$5,000 and in the minimum principal amount of \$100,000), at the option of NYC IDA (which option shall be exercised upon the giving of notice by the JFK Member to the NYC IDA and the NYC IDA Trustee of its intention to prepay installment purchase payments due under the NYC IDA Installment Sale Agreement), at a Redemption Price equal to 100% of the unpaid principal amount of the Series 2012A NYC IDA Bonds to be redeemed, plus accrued interest to the date of redemption.

Extraordinary Mandatory Redemption. The Series 2012A NYC IDA Bonds are subject to mandatory redemption prior to maturity, in whole or in part upon the circumstances set forth below, at a Redemption Price equal to one hundred percent (100%) of the unpaid principal amount of the Series 2012A NYC IDA Bonds to be redeemed, plus accrued interest to the date of redemption, if one or more of the following events shall have occurred:

(i) upon the occurrence of a Damage Event affecting a JFK Facility with respect to which the JFK Member shall not elect to rebuild, replace, repair or restore the affected JFK Facility, (y) in part on the redemption date as so determined in accordance with the Master Indenture but not later than one hundred and twenty (120) days following the receipt by the Master Trustee of the Net Proceeds resulting from such Damage Event, to the nearest Authorized Denomination to the extent of such Net Proceeds, or (z) in whole on any date if the affected JFK Facility shall be the remaining JFK Facility, on the redemption date as so determined in accordance with the Master Indenture but not later than one hundred and eighty (180) days following the Damage Event;

(ii) upon the occurrence of a Condemnation Event affecting a JFK Facility with respect to which the JFK Member shall not elect to rebuild, replace, repair or restore the affected JFK Facility, (y) in part on the redemption date as so determined in accordance with the Master Indenture but not later than one hundred twenty (120) days following the receipt by the Master Trustee of the Net Proceeds resulting from such Condemnation Event, to the nearest Authorized Denomination to the extent of such Net Proceeds, or (z) in whole if the affected JFK Facility shall be the remaining JFK Facility, on the redemption date as so determined in accordance with the Master Indenture but not later than one hundred and eighty (180) days following the Condemnation Event; or

(iii) in whole as a result of changes in the Constitution of the United States of America or of the State or of legislative or executive action of said State or any political subdivision thereof or of the United States of America or by final decree or judgment of any court after the contest thereof by the JFK Member in good faith, the NYC IDA Installment Sale Agreement becomes void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed therein.

If the Series 2012A NYC IDA Bonds are to be redeemed in whole as a result of the occurrence of any of the events described above, the JFK Member shall deliver to the NYC IDA and the NYC IDA Trustee a certificate of an Authorized Representative of the JFK Member stating that, as a result of the occurrence of the event giving rise to such redemption, the JFK Member has discontinued, or at the earliest practicable date will discontinue, its operation of the remaining JFK Facility for its intended purposes.

Mandatory Sinking Fund Installment Redemption. The Series 2012A NYC IDA Bonds maturing on July 1, 2028 shall be subject to mandatory redemption by the NYC IDA prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the NYC IDA Indenture:

<u>Sinking Fund Installment Payment Date</u>	<u>Sinking Fund Installment</u>
July 1, 2023	\$ 8,530,000
July 1, 2024	10,120,000
July 1, 2025	8,985,000
July 1, 2026	10,690,000
July 1, 2027	10,180,000
July 1, 2028 [†]	13,510,000

[†] Final Maturity.

Mandatory Redemption from Excess Proceeds and Certain Other Amounts. The Series 2012A NYC IDA Bonds shall be redeemed at any time in whole or in part by lot prior to maturity in the event and to the extent excess title insurance or property insurance proceeds or condemnation awards shall remain after the application thereof pursuant to the Master Indenture, the NYC IDA Installment Sale Agreement and the NYC IDA Indenture, at a Redemption Price equal to one hundred percent (100%) of the principal amount of the Series 2012A NYC IDA Bonds to be redeemed, together with interest accrued thereon to the date of redemption.

Mandatory Redemption Upon Failure to Operate the JFK Facilities in Accordance With the Act, Material Violation of Material Legal Requirements, False Representation or Failure to Maintain Liability Insurance. The Series 2012A NYC IDA Bonds are also subject to mandatory redemption prior to maturity, at the option of the NYC IDA, as a whole only, in the event (i) the NYC IDA shall determine that (w) the JFK Member is operating either or both of the JFK Facilities or any portion of either thereof, or is allowing either or both of the JFK Facilities or any portion of either thereof to be operated, not as a qualified “project” in accordance with the Act, (x) the JFK Member, any Principal of the JFK Member or any Person that directly or indirectly Controls, is Controlled by or is under common Control with the JFK Member has committed a material violation of a material Legal Requirement, (y) any Conduct Representation is false, misleading or incorrect in any material respect at any date, as if made on such date, or (z) a Required Disclosure Statement delivered to the NYC IDA under any Project Document is not acceptable to the NYC IDA acting in its sole discretion, or (ii) the JFK Member shall fail to obtain or maintain the public liability insurance with respect to the JFK Facilities required under the NYC IDA Installment Sale Agreement, and, in the case of clause (i) or (ii) above, the JFK Member shall fail to cure any such default or failure within the applicable time periods set forth in the NYC IDA Installment Sale Agreement following the receipt by the JFK Member of written notice of such default or failure from the NYC IDA and a demand by the NYC IDA on the JFK Member to cure the same. Any such redemption shall be made upon notice or waiver of notice to the Bondholders as provided in the NYC IDA Indenture, at the Redemption Price of one hundred percent (100%) of the unpaid principal amount of the Series 2012A NYC IDA Bonds, together with interest accrued thereon to the date of redemption.

Special Mandatory Redemption Upon Sale of Ground Lease. In the event the JFK Member shall sell, transfer or otherwise convey or dispose of:

(i) one, but not both, of the JFK Ground Leases to a Person not constituting a Member of the Obligated Group, the Series 2012A NYC IDA Bonds shall be subject to mandatory redemption in part at a Redemption Price equal to the percentage set forth below of the Accreted Value (as defined below) of the unpaid principal amount of Series 2012A NYC IDA Bonds to be redeemed, together with accrued interest to the date of redemption, such principal amount to be determined in accordance with the requirements therefor set forth in the Master Indenture, but in any event to be accompanied by a Confirmation of Rating and an Opinion of Nationally Recognized Bond Counsel to the effect that, upon such disposition of a JFK Ground Lease and related redemption, such action will not cause the interest on the Series 2012A NYC IDA Bonds remaining Outstanding to cease to be exempt from income taxes for purposes of federal income taxation.

The “Accreted Value” of a Series 2012A NYC IDA Bond:

- (a) on any interest payment date shall be, the value set forth in the “Accreted Values for the Series 2012A NYC IDA Bonds Based on \$5,000 Par Amount of Bonds”

table below for each \$5,000 par amount of such Series 2012A NYC IDA Bond;
and

- (b) an any date between interest payment dates shall be determined on the basis of a straight line interpolation between the Accreted Values for the prior interest payment date and the succeeding interest payment date, based upon a 30-day month.

<u>Redemption Dates (both dates inclusive)</u>	<u>Percentage of Accreted Value</u>
Date of Issuance through June 30, 2017	110%
July 1, 2017 through June 30, 2018	109
July 1, 2018 through June 30, 2019	108
July 1, 2019 through June 30, 2020	107
July 1, 2020 through June 30, 2021	106
July 1, 2021 through June 30, 2022	105
July 1, 2022 and thereafter	100

and

(ii) both or the remaining JFK Ground Lease to a Person not constituting a Member of the Obligated Group, the Series 2012A NYC IDA Bonds shall be subject to mandatory redemption in whole at the applicable Redemption Price set forth in paragraph (i) above, together with accrued interest to the date of redemption.

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Accreted Values for the Series 2012A NYC IDA Bonds Based on \$5,000 Par Amount of Bonds

Redemption Date	Maturity (July 1)										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2028
1/1/2013	\$5,080.50	\$5,201.65	\$5,301.10	\$5,372.95	\$5,418.00	\$5,411.25	\$5,387.45	\$5,354.65	\$5,311.00	\$5,310.65	\$5,191.50
7/1/2013	n/a	5,135.20	5,242.35	5,321.80	5,374.25	5,376.90	5,360.75	5,334.05	5,295.50	5,297.20	5,183.30
1/1/2014	n/a	5,067.95	5,182.90	5,270.00	5,329.90	5,341.95	5,333.60	5,313.10	5,279.75	5,283.45	5,174.95
7/1/2014	n/a	n/a	5,122.65	5,217.45	5,284.85	5,306.45	5,305.95	5,291.70	5,263.65	5,269.40	5,166.40
1/1/2015	n/a	n/a	5,061.70	5,164.20	5,239.10	5,270.30	5,277.75	5,269.90	5,247.20	5,255.05	5,157.65
7/1/2015	n/a	n/a	n/a	5,110.20	5,192.70	5,233.60	5,249.10	5,247.65	5,230.45	5,240.40	5,148.65
1/1/2016	n/a	n/a	n/a	5,055.45	5,145.60	5,196.25	5,219.90	5,224.95	5,213.30	5,225.45	5,139.50
7/1/2016	n/a	n/a	n/a	n/a	5,097.75	5,158.30	5,190.15	5,201.85	5,195.85	5,210.20	5,130.15
1/1/2017	n/a	n/a	n/a	n/a	5,049.25	5,119.70	5,159.85	5,178.30	5,178.00	5,194.60	5,120.60
7/1/2017	n/a	n/a	n/a	n/a	n/a	5,080.45	5,129.05	5,154.25	5,159.80	5,178.70	5,110.80
1/1/2018	n/a	n/a	n/a	n/a	n/a	5,040.55	5,097.65	5,129.80	5,141.20	5,162.45	5,100.80
7/1/2018	n/a	n/a	n/a	n/a	n/a	n/a	5,065.65	5,104.80	5,122.25	5,145.85	5,090.55
1/1/2019	n/a	n/a	n/a	n/a	n/a	n/a	5,033.10	5,079.35	5,102.90	5,128.90	5,080.10
7/1/2019	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5,053.40	5,083.15	5,111.65	5,069.40
1/1/2020	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5,026.95	5,063.00	5,093.95	5,058.45
7/1/2020	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5,042.40	5,075.95	5,047.30
1/1/2021	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5,021.40	5,057.55	5,035.85
7/1/2021	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5,038.75	5,024.15
1/1/2022	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5,019.55	5,012.20

THE ABOVE SPECIAL MANDATORY REDEMPTION ABOVE IN PART OF SERIES 2012A NYC IDA BONDS DOES NOT RELEASE THE JFK MEMBER FROM ITS OBLIGATIONS UNDER THE NYC IDA INSTALLMENT SALE AGREEMENT OR THE MASTER INDENTURE.

Mandatory Taxability Redemption. Upon the occurrence of a Determination of Taxability, the Series 2012A NYC IDA Bonds shall be redeemed prior to maturity on the earliest practicable date for which notice of redemption can be given pursuant to NYC IDA Indenture (but in any event no later than sixty (60) days after the NYC IDA Trustee has actual knowledge thereof), at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption.

Purchase in Lieu of Optional Redemption. Any Series 2012A NYC IDA Bonds called for redemption may be purchased by any Member of the Obligated Group, or by any party designated in writing by the Group Representative, on the date upon which such Series 2012A NYC IDA Bonds were to have been redeemed (the “Purchase in Lieu of Redemption Date”), at the Redemption Price thereof, together with accrued interest. The Group Representative shall deliver a written direction to the NYC IDA Trustee of the party to purchase the Series 2012A NYC IDA Bonds pursuant to the NYC IDA Indenture, not later than the Business Day immediately preceding the Purchase in Lieu of Redemption Date. Series 2012A NYC IDA Bonds to be purchased pursuant to the NYC IDA Indenture which are not delivered to the NYC IDA Trustee on the Purchase in Lieu of Redemption Date shall be deemed to have been so purchased, and the purchaser of such Series 2012A NYC IDA Bonds shall be the Holder of the Series 2012A NYC IDA Bonds for all purposes under the NYC IDA Indenture. The purchase of Series 2012A NYC IDA Bonds pursuant to the above shall not be deemed to constitute a redemption of such Series 2012A NYC IDA Bonds or an extinguishment of the debt evidenced thereby.

Selection of Bonds to be Redeemed. In the event of redemption of less than all the Outstanding Series 2012A NYC IDA Bonds of the same maturity, the particular Series 2012A NYC IDA Bonds or portions thereof to be redeemed shall be selected by the NYC IDA Trustee in such manner as the NYC IDA Trustee in its discretion may deem fair, except that (i) Series 2012A NYC IDA Bonds to be redeemed from Sinking Fund Installments shall be redeemed by lot, and (ii) to the extent practicable, the NYC IDA Trustee shall select the Series 2012A NYC IDA

Bonds for redemption such that no Series 2012A NYC IDA Bond shall be of a denomination of less than the Authorized Denomination. In the event of redemption of less than all the Outstanding Series 2012A NYC IDA Bonds stated to mature on different dates, the principal amount of such Series 2012A NYC IDA Bonds to be redeemed shall be applied in inverse order of maturity of the Outstanding Series 2012A NYC IDA Bonds to be redeemed and by lot within a maturity.

Redemption Procedures. If any of the Series 2012A NYC IDA Bonds are to be called for redemption, the NYC IDA Indenture requires a copy of the redemption notice to be mailed by first class mail, postage prepaid at least thirty (30) days, but no more than sixty (60) days, prior to such redemption date to the registered owner of each Series 2012A NYC IDA Bond to be redeemed at the address shown on the registration books. All Series 2012A NYC IDA Bonds so called for redemption will cease to bear interest after the date fixed for redemption if funds for their redemption are on deposit at the place of payment at that time. If notice of redemption shall have been given as aforesaid, the Series 2012A NYC IDA Bonds called for redemption shall become due and payable on the redemption date, provided, however, that with respect to any optional redemption of the Series 2012A NYC IDA Bonds, such notice shall state that such redemption shall be conditional upon the receipt by the NYC IDA Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, redemption premium, if any, and interest on such Series 2012A NYC IDA Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the NYC IDA shall not be required to redeem such Series 2012A NYC IDA Bonds. In the event that such notice of optional redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the NYC IDA Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. If a notice of optional redemption shall be unconditional, or if the conditions of a conditional notice of optional redemption shall have been satisfied, then upon presentation and surrender of Series 2012A NYC IDA Bonds so called for redemption at the place or places of payment, such Series 2012A NYC IDA Bonds shall be redeemed.

Payment of Redeemed Series 2012A NYC IDA Bonds. Notice of redemption of the Series 2012A NYC IDA Bonds having been given in the manner provided in the NYC IDA Indenture, the Series 2012A NYC IDA Bonds or portions thereof so called for redemption shall become due and payable on the redemption dates so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date. If, on the redemption date, moneys for the redemption of all the Series 2012A NYC IDA Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be held by the Paying Agent so as to be available therefor on such date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date, (i) interest on the Series 2012A NYC IDA Bonds or portions thereof so called for redemption shall cease to accrue and become payable; (ii) the Series 2012A NYC IDA Bonds or portions thereof so called for redemption shall cease to be entitled to any lien, benefit or security under the NYC IDA Indenture; and (iii) the Holders of the Series 2012A NYC IDA Bonds or portions thereof so called for redemption shall have no rights in respect thereof, except to receive payment of the Redemption Price together with interest accrued to the redemption date. If such moneys shall not be so available on the redemption date, such Series 2012A NYC IDA Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

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Debt Service Requirements

The following schedule sets forth, for each 12-month period ending June 30 of the years shown, the amounts required to be paid for the payment of principal of, and interest on, the Series 2012A NYC IDA Bonds on their respective payment dates for each such period. Principal of the Series 2012A NYC IDA Bonds is payable in full at their maturity on July 1, 2028.

Year	Principal	Interest	Total
2013	\$ 5,220,000	\$ 5,075,000	\$ 10,295,000
2014	5,985,000	6,082,750	12,067,750
2015	3,920,000	5,783,500	9,703,500
2016	6,295,000	5,587,500	11,882,500
2017	6,215,000	5,272,750	11,487,750
2018	9,655,000	4,962,000	14,617,000
2019	5,830,000	4,479,250	10,309,250
2020	6,535,000	4,187,750	10,722,750
2021	6,400,000	3,861,000	10,261,000
2022	8,805,000	3,541,000	12,346,000
2023	8,530,000	3,100,750	11,630,750
2024	10,120,000	2,674,250	12,794,250
2025	8,985,000	2,168,250	11,153,250
2026	10,690,000	1,719,000	12,409,000
2027	10,180,000	1,184,500	11,364,500
2028	13,510,000	675,500	14,185,500
TOTAL	\$ 126,875,000	\$ 60,354,750	\$ 187,229,750

CERTAIN INVESTMENT CONSIDERATIONS

An investment in the Series 2012A NYC IDA Bonds involves a degree of risk. Certain risks relating to the Series 2012A NYC IDA Bonds are discussed in “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – CERTAIN RISK FACTORS” under “INCLUSION BY SPECIFIC REFERENCE” herein; however, such risks are not intended to be a complete enumeration of all risks associated with the purchase or holding of the Series 2012A NYC IDA Bonds.

BOOK-ENTRY ONLY SYSTEM

The information under this heading has been furnished by DTC. Neither NYC IDA, nor the JFK Member or any other Member of the Obligated Group make any representations as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date thereof.

Beneficial ownership interests in the Series 2012A NYC IDA Bonds will be available in book-entry only form. Purchasers of beneficial ownership interests in the Series 2012A NYC IDA Bonds will not receive certificates representing their interests in the Series 2012A NYC IDA Bonds purchased.

DTC, New York, New York, will act as securities depository for the Series 2012A NYC IDA Bonds. References to the Series 2012A NYC IDA Bonds under this Section “Book-Entry Only System” shall mean all Series 2012A NYC IDA Bonds held in the United States through DTC. The Series 2012A NYC IDA Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity, principal amount and related interest rate of Series 2012A NYC IDA Bonds and bearing interest at a

specific interest rate, each in the aggregate principal amount of such maturity and principal amount and related interest rate, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”). DTC provides custody and asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 120 countries) that DTC’s participants (“*Direct Participants*”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“*DTCC*”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“*Indirect Participants*”) and together with the Direct Participants, the “*Participants*”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2012A NYC IDA Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2012A NYC IDA Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2012A NYC IDA Bond (“*Beneficial Owner*”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2012A NYC IDA Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2012A NYC IDA Bonds, except in the event that use of the book-entry system for the Series 2012A NYC IDA Bonds is discontinued.

To facilitate subsequent transfers, all Series 2012A NYC IDA Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2012A NYC IDA Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2012A NYC IDA Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts the Series 2012A NYC IDA Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2012A NYC IDA Bonds are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2012A NYC IDA Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the NYC IDA and the NYC IDA Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct

Participants to whose accounts the Series 2012A NYC IDA Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2012A NYC IDA Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the NYC IDA or the NYC IDA Trustee 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 Participants and not of DTC, the NYC IDA Trustee, or the NYC IDA, 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 NYC IDA Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its service as depository with respect to the Series 2012A NYC IDA Bonds at any time by giving reasonable notice to the NYC IDA or the NYC IDA Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Series 2012A NYC IDA Bonds are required to be printed and delivered.

The NYC IDA may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for the Series 2012A NYC IDA Bonds will be printed and delivered to DTC.

THE NYC IDA AND THE NYC IDA TRUSTEE CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC OR DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SERIES 2012A NYC IDA BONDS: (1) PAYMENTS OF PRINCIPAL OR REDEMPTION PRICE OF, IF APPLICABLE, SINKING FUND INSTALLMENTS, OR INTEREST ON THE SERIES 2012A NYC IDA BONDS; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE SERIES 2012A NYC IDA BONDS; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE SERIES 2012A NYC IDA BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC OR DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE NYC IDA AND THE NYC IDA TRUSTEE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS, OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OR REDEMPTION PRICE OF, SINKING FUND INSTALLMENTS FOR, OR INTEREST ON THE SERIES 2012A NYC IDA BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS UNDER THE TERMS OF THE NYC IDA INDENTURE; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE SERIES 2012A NYC IDA BONDS.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEMS HAS BEEN OBTAINED FROM DTC AND NONE OF THE NYC IDA, THE UNDERWRITERS OR THE OBLIGATED GROUP MAKES ANY REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

TAX MATTERS

Opinion of NYC IDA Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the NYC IDA (“*NYC IDA Bond Counsel*”), under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2012A NYC IDA Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “*Code*”), except that no opinion is expressed as to such exclusion of interest on any Series 2012A NYC IDA Bond for any period during which such Series 2012A NYC IDA Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a “substantial user” of the facilities refinanced with the proceeds of the Series 2012A NYC IDA Bonds or a “related person,” and (ii) interest on the Series 2012A NYC IDA Bonds, however, is treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code. In rendering its opinion, NYC IDA Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the NYC IDA and the JFK Member in connection with the Series 2012A NYC IDA Bonds, and NYC IDA Bond Counsel has assumed compliance by the NYC IDA and the JFK Member with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2012A NYC IDA Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of NYC IDA Bond Counsel, under existing statutes, interest on the Series 2012A NYC IDA Bonds is exempt from personal income taxes imposed by the State, or any political subdivision thereof, including the City, and each of the Series 2012A NYC IDA Bonds is exempt from all taxation directly imposed thereon by or under the authority of the State.

The Series 2012A NYC IDA Bonds, together with the Series 2012B PFA Bonds, the Series 2012C PFA Bonds and the Series 2012D PFA Bonds (collectively, the “*Tax-Related PFA Bonds*”) are being considered as a single issue for certain federal tax purposes under applicable provisions of the Code. NYC IDA Bond Counsel has relied, inter alia, with no independent investigation, upon the approving opinion of PFA Co-Bond Counsel with respect to the Tax-Related PFA Bonds as to the validity and legality of the Tax-Related PFA Bonds and as to exclusion of the interest thereon from gross income of the owners thereof for Federal income tax purposes. For a discussion of the implications of this treatment, see “PART II – CERTAIN RISK FACTORS – Taxation of Interest on the Offered Bonds.”

NYC IDA Bond Counsel expresses no opinion regarding any other Federal or state tax consequences with respect to the Series 2012A NYC IDA Bonds. NYC IDA Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to its attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. NYC IDA Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Series 2012A NYC IDA Bonds, or under state and local tax law.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series 2012A NYC IDA Bonds in order that interest on the Series 2012A NYC IDA Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series 2012A NYC IDA Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Series 2012A NYC IDA Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The NYC IDA and the JFK Member have covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Series 2012A NYC IDA Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral Federal income tax matters with respect to the Series 2012A NYC IDA Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a Series 2012A NYC IDA Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Series 2012A NYC IDA Bonds.

Prospective owners of the Series 2012A NYC IDA Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the Series 2012A NYC IDA Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Bond Premium

In general, if an owner acquires a Series 2012A NYC IDA Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Series 2012A NYC IDA Bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that Bond (a “Premium Bond”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Series 2012A NYC IDA Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2012A NYC IDA Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2012A NYC IDA Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s Federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

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 2012A NYC IDA Bonds under Federal or state law or otherwise prevent beneficial owners of the Series 2012A NYC IDA Bonds from realizing the full current benefit of the tax 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 2012A NYC IDA Bonds.

Prospective purchasers of the Series 2012A NYC IDA Bonds should consult their own tax advisors regarding the foregoing matters.

LEGALITY OF THE SERIES 2012A NYC IDA BONDS FOR INVESTMENT AND DEPOSIT

Pursuant to the Act, the Series 2012A NYC IDA Bonds are stated to be securities in which all public officers and bodies of the State and all municipalities and municipal subdivisions of the State, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, and all other persons whatsoever who are authorized to invest in bonds or notes or other obligations of the State, may properly and legally invest funds including capital in their control or belonging to them. The Series 2012A NYC IDA Bonds are further stated in the Act to be made securities which may be deposited with and shall be received by all public officers and bodies of the State and all municipalities and municipal subdivisions of the State for any purpose of the State for which the deposit of bonds or other obligations of the State is authorized.

THE UNDERWRITERS

Goldman, Sachs & Co. (“*Goldman Sachs*”), as Representative of the Underwriters, has agreed, subject to certain conditions, to purchase all of the Series 2012A NYC IDA Bonds from the NYC IDA at an aggregate purchase price of \$132,293,152.92, reflecting the principal amount of the Series 2012A NYC IDA Bonds plus original issue premium of \$6,927,528.40, and less an Underwriters’ discount of \$1,509,375.48. The Underwriters are obligated to purchase all of the Series 2012A NYC IDA Bonds, if any are purchased, such obligation being subject to certain terms and conditions set forth in a Bond Purchase Contract (the “*Bond Purchase Contract*”) between Goldman Sachs, as Representative of the Underwriters, and the NYC IDA and approved and agreed to by the JFK Member and the remainder of the Obligated Group, the approval of certain legal matters by counsel and certain other conditions. The Obligated Group has agreed to indemnify the NYC IDA and the Underwriters against certain liabilities, and to contribute to any payments required to be made by the NYC IDA or the Underwriters relating to such liabilities, including liabilities under the federal securities laws. The initial offering prices may be changed from time to time by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the NYC IDA and to persons and entities with relationships with the NYC IDA, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the NYC IDA (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the NYC IDA. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any

time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

The initial public offering prices or yields set forth on the inside cover page of this Official Statement may be changed from time to time by the Underwriters. The Underwriters may offer and sell the Series 2012A NYC IDA Bonds to certain dealers, unit investment trusts or money market funds at prices lower than the public offering prices stated on the inside cover page of this Official Statement.

Loop Capital Markets LLC, one of the underwriters of the Series 2012A NYC IDA Bonds, has entered into an agreement (the “*Distribution Agreement*”) with UBS Financial Services Inc. for the retail distribution of certain municipal securities offerings at the original issue prices. Pursuant to the Distribution Agreement, Loop Capital Markets, LLC will share a portion of its underwriting compensation with respect to the Series 2012A NYC IDA Bonds with UBS Financial Services Inc.

The delivery of the Series 2012A NYC IDA Bonds is contingent upon the delivery of the Series 2012B PFA Bonds.

CONTINUING DISCLOSURE

The Group Representative has undertaken all responsibilities for any continuing disclosure for the benefit of the Beneficial Owners of the Series 2012A NYC IDA Bonds as described below, and the NYC IDA will have no liability to the Beneficial Owners of the Series 2012A NYC IDA Bonds or any other person with respect to such disclosures.

The Group Representative will enter into the Continuing Disclosure Agreement with respect to the Series 2012A NYC IDA Bonds for the benefit of the Beneficial Owners of the Series 2012A NYC IDA Bonds to provide or cause to be provided: (i) certain annual financial information and operating data, (ii) timely notice, not in excess of 10 Business Days after the occurrence, of certain specified events with respect to the Series 2012A NYC IDA Bonds and (iii) timely notice of a failure by the Group Representative to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement. See “APPENDIX D – Form of Continuing Disclosure Agreement” hereto.

Members of the Obligated Group executed continuing disclosure undertakings with regard to the Refunded Bonds. During the past five years, certain Members of the Obligated Group have failed to file with the information repositories or the MSRB their audited financial statements during one or more years by the required due dates. In addition, certain Members of the Obligated Group have failed to provide to the information repositories or the MSRB certain financial information and operating data during one or more years by the required due dates. The Obligated Group has put in place new internal controls to ensure that all future filings will be made in a complete and timely manner.

RATING

The Series 2012A NYC IDA Bonds are expected to be assigned a rating of “BBB-” by Standard & Poor’s Rating Service.

This rating reflects the rating agency’s view at the time its rating is given, and the NYC IDA, the Obligated Group and the Underwriters make no representation as to the appropriateness of this rating. An explanation of the significance of this rating may be obtained only from the rating agency. The Obligated Group has furnished the rating agency with certain information and materials relating to the Series 2012A NYC IDA Bonds and the Obligated Group that have not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions by the rating agencies. The ratings are not a recommendation to buy, sell or hold the Series 2012A NYC IDA Bonds, and there is no assurance that the rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing such rating, circumstances so warrant. None of the NYC IDA, the Members of the Obligated Group or the Underwriters have undertaken any responsibility to bring to

the attention of the holders of the Series 2012A NYC IDA Bonds any proposed revision or withdrawal of the rating of the Series 2012A NYC IDA Bonds or to oppose any such proposed revision or withdrawal. Any such revision or withdrawal could have an adverse effect on the market price and marketability of the Series 2012A NYC IDA Bonds.

LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and delivery of the Series 2012A NYC IDA Bonds by the NYC IDA are subject to the approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the NYC IDA. Certain other legal matters will be passed upon for the NYC IDA by its Vice President for Legal Affairs, Richard E. Marshall, Esq. Certain legal matters will be passed upon for the Underwriters by their co-counsel, Winston & Strawn LLP, New York, New York and Greene and Letts, Chicago, Illinois. Certain legal matters pertaining to the Obligated Group and CalEast CAC, LLC will be passed upon by Greenberg Traurig, LLP, Philadelphia, Pennsylvania.

LITIGATION

The NYC IDA

There is not now any pending or, to the knowledge of the NYC IDA, threatened, litigation, or to the knowledge of the NYC IDA any basis therefor, seeking to restrain or enjoin the issuance of the Series 2012A NYC IDA Bonds or in any way contesting or affecting the validity of the Series 2012A NYC IDA Bonds or any proceedings of the NYC IDA taken with respect to the issuance, sale or delivery thereof. There is not now any pending or, to the knowledge of the NYC IDA, threatened litigation in any manner contesting (a) the right of the NYC IDA to enter into the NYC IDA Installment Sale Agreement, the Company Sublease, the NYC IDA Indenture or the Tax Regulatory Agreement, (b) the validity of the Resolution or (c) the issuance of the Series 2012A NYC IDA Bonds, or seeking to enjoin any of the transactions contemplated on the part of the NYC IDA thereby or the performance by the NYC IDA of any of its obligations thereunder wherein an unfavorable decision, finding or ruling would adversely affect the transactions contemplated by the NYC IDA Installment Sale Agreement, the NYC IDA Indenture or the Resolution.

The Members of the Obligated Group

There is no known pending or, to the knowledge of the Members of the Obligated Group, threatened litigation against any Member which in any way questions or materially affects the validity of the Series 2012A NYC IDA Bonds or any proceedings or transactions relating to the issuance, sale or delivery of the Series 2012A NYC IDA Bonds, the validity or enforceability of the Company Sublease, the Management Agreement, the NYC IDA Installment Sale Agreement, any Ground Lease, any Mortgage, any Indenture, the Master Indenture or any Tenant Lease or which may materially affect the operation and management of the Facilities. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – PROJECTED CASH FLOWS – Expenses” under “INCLUSION BY SPECIFIC REFERENCE” herein.

MISCELLANEOUS

The summaries and descriptions of provisions of the NYC IDA Indenture, the NYC IDA Installment Sale Agreement, the Company Sublease, the Master Indenture, the Ground Leases, the Tenant Leases, the Mortgages and all references to other materials not purporting to be quoted in full are qualified in their entirety by reference to the complete provisions of the documents and other materials summarized or described.

The references to the Act, the NYC IDA Indenture, the Company Sublease, the NYC IDA Installment Sale Agreement, the Continuing Disclosure Agreement, the Master Indenture, the Ground Leases, the Mortgages, the Tenant Leases, the Management Agreement, the Port Authority Consent and all references to other materials are brief summaries of certain provisions thereof. Such summaries do not purport to be complete, and reference is made to the Act, the NYC IDA Indenture, the Company Sublease, the NYC IDA Installment Sale Agreement, the Continuing Disclosure Agreement, the Master Indenture, the Ground Leases, the Mortgages, the Tenant Leases, the

Management Agreement and the Port Authority Consent for full and complete statements of such provisions. The agreements of the NYC IDA with the Bondholders are fully set forth in the NYC IDA Indenture, and neither any advertisement of the Series 2012A NYC IDA Bonds nor this Official Statement is to be construed as constituting an agreement with the Bondholders. So far as any statements are made in this Official Statement involving matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact. Copies of the NYC IDA Indenture, the NYC IDA Installment Sale Agreement, the Master Indenture, the Ground Leases, the Tenant Leases, the Mortgages, the Management Agreement and the Port Authority Consent may be obtained from the Master Trustee or, during the offering period, from the Underwriters. A copy of each of the NYC IDA Indenture, the Company Sublease, the NYC IDA Installment Sale Agreement, the Continuing Disclosure Agreement, and the Port Authority Consent is on file at the designated corporate trust office of the NYC IDA Trustee in New York City.

Information relating to DTC and the book-entry system described under the heading “BOOK-ENTRY ONLY SYSTEM” herein has been furnished by DTC and is believed to be reliable, but the NYC IDA, the Members and the Underwriters do not make any representations or warranties whatsoever with respect to such information.

The use of information under the captions of “THE NYC IDA” and “LITIGATION – The NYC IDA” of this Official Statement has been duly authorized by the NYC IDA.

The NYC IDA and the Obligated Group have duly authorized the execution, delivery and distribution of this Official Statement. This Official Statement is made available only in connection with the issuance of the Series 2012A NYC IDA Bonds and may not be used in whole or in part for any other purpose.

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NEW YORK CITY INDUSTRIAL
DEVELOPMENT AGENCY

By: /s/ Jeffrey Lee
Executive Director

THE OBLIGATED GROUP,

By: Transportation Infrastructure Properties,
LLC, acting in its capacity as the Group
Representative of the Obligated Group

By: /s/ George Psaras, Jr.
Senior Vice President

APPENDIX A – CERTAIN NYC IDA DEFINITIONS

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CERTAIN NYC IDA DEFINITIONS

The following terms as used in PART III - “Official Statement for the Series 2012A NYC IDA Bonds”, APPENDIX B - “Summary of Certain Provisions of the NYC IDA Indenture” and APPENDIX C - “Summary of Certain Provisions of the NYC IDA Installment Sale Agreement” have the following meanings:

“**Act**” means, collectively, the Enabling Act and the Agency Act.

“**Act of Bankruptcy**” means, with respect to any Person, the filing of a petition in bankruptcy (or the other commencement of a bankruptcy or similar proceeding) by or against such Person, under the Federal Bankruptcy Code or any other applicable bankruptcy, insolvency, reorganization or similar law, now or thereafter in effect; provided, however, that no involuntary petition in bankruptcy, or appointment of a trustee, custodian or receiver, without the consent of such Person, shall constitute an Act of Bankruptcy until one hundred and twenty (120) days shall have elapsed from the date of filing thereof, during which time such Person has been unable to obtain the dismissal of the petition or appointment.

“**Additional Bonds**” means one or more Series of additional bonds issued, executed, authenticated and delivered under the Indenture.

“**Additional Improvements**” means such alterations of or additions to the Facility Realty or any part thereof that the Company makes from time to time, provided that the Additional Improvements comply with the limitations set forth in the Installment Sale Agreement.

“**Affiliate**” means, with respect to any Person, any Person which controls, is controlled by or is under common control with such Person.

“**Agency**” means the New York City Industrial Development Agency, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State, duly organized and existing under the laws of the State, and any body, board, authority, agency or other governmental agency or instrumentality which shall succeed to the powers, duties, obligations and functions thereof.

“**Agency Act**” means Chapter 1082 of the 1974 Laws of New York, as amended.

“**Agency’s Reserved Rights**” means, collectively, (i) the right of the Agency in its own behalf to receive all Opinions of Counsel, reports, financial statements, certificates, insurance policies, binders or certificates, or other notices or communications required to be delivered to the Agency under the Installment Sale Agreement; (ii) the right of the Agency to grant or withhold any consents or approvals required of the Agency under the Installment Sale Agreement; (iii) the right of the Agency to exercise in its own behalf its rights under the Installment Sale Agreement with respect to the proceeds of leasehold title insurance; (iv) the right of the Agency to enforce or otherwise exercise in its own behalf all agreements of the Company with respect to ensuring that the Facilities shall always constitute the Approved Facilities and a qualified “project” as defined in and as contemplated by the Act; (v) the right of the Agency to amend with the Company the provisions relating to the mortgage recording tax deferral and the recapture of public benefits without the consent of the Trustee, any Bondholder or any other Person; (vi) the right of the Agency in its own behalf (or on behalf of the appropriate taxing authorities) to enforce, receive amounts payable under or otherwise exercise its rights under specified provisions of the Installment Sale Agreement; and (vii) the right of the Agency in its own behalf to declare a default with respect to any of the Agency’s Reserved Rights and exercise the remedies.

“**Airis JFK I**” means Airis JFK I, LLC, a limited liability company organized and existing under the laws of the State of Delaware, and the predecessor in interest to the Company in the Facilities.

“**Airis JFK II**” means Airis JFK II, LLC, a limited liability company organized and existing under the laws of the State of Delaware, and the predecessor in interest to Airis JFK I in the Tract 9A Facility.

“**Airport**” means John F. Kennedy International Airport in Queens, New York.

“**Approved Facilities**” means the Facilities as occupied, used and operated by the Company substantially for the Approved Project Operations, including such other activities as may be substantially related to or substantially in support of such operations, all to be effected in accordance with the Installment Sale Agreement.

“**Approved Project Operations**” means the facilities located at the Facility Site for use by the Company in providing air cargo and aviation support facilities to tenants conducting aviation related activities.

“**Authorized Denomination**” means, in the case of the Initial Bonds, \$5,000 or any integral multiple thereof.

“**Authorized Principal Amount**” means, in the case of the Initial Bonds, \$126,875,000.

“**Authorized Representative**” means, (i) in the case of the Agency, the Chairperson, Vice Chairperson, Treasurer, Assistant Treasurer, Secretary, Assistant Secretary, Executive Director, Deputy Executive Director, General Counsel or Vice President for Legal Affairs, or any other officer or employee of the Agency who is authorized to perform specific acts or to discharge specific duties, and (ii) in the case of the Company, the Group Representative or a person named in the relevant exhibit to the Installment Sale Agreement, or any other officer or employee of the Company who is authorized to perform specific duties under the Installment Sale Agreement or under any other Project Document and of whom another Authorized Representative of the Company has given written notice to the Agency and the Trustee; provided, however, that in each case for which a certification or other statement of fact or condition is required to be submitted by an Authorized Representative to any Person pursuant to the terms of the Installment Sale Agreement or any other Project Document, such certificate or statement shall be executed only by an Authorized Representative in a position to know or to obtain knowledge of the facts or conditions that are the subject of such certificate or statement.

“**Basic Lease**” means the Amended and Restated Agreement of Lease of the Municipal Air Terminals, dated as of November 24, 2004, as the same may be amended and supplemented, between the City, as landlord, and the Port Authority, as tenant.

“**Beneficial Owner**” means, whenever used with respect to an Initial Bond, the Person in whose name such Initial Bond is recorded as the Beneficial Owner of such Initial Bond by the respective systems of DTC and each of the Participants of DTC. If at any time the Initial Bonds are not held in the Book-Entry System, Beneficial Owner means “Holder” for purposes of the Security Documents.

“**Bond Counsel**” means Hawkins Delafield & Wood LLP or an attorney or firm of attorneys selected by the Agency and not unacceptable to the Trustee, recognized, by inclusion in the listing of attorneys in the Bond Buyer’s Municipal Market Place as most recently issued, as a national expert in the field of municipal finance.

“**Bond Fund**” means the special trust fund so designated, established pursuant to the Indenture.

“**Bondholder**”, “**Holder of Bonds**”, “**Holder**” or “**holder**” means any Person who shall be the registered owner of any Bond or Bonds.

“**Bond Registrar**” means the Trustee acting as registrar as provided in the Indenture.

“**Bond Resolution**” means the resolution of the Agency adopted on June 12, 2012 authorizing the issuance of the Initial Bonds.

“**Bonds**” means the Initial Bonds and any Additional Bonds.

“**Business Day**” means any day other than a Saturday, Sunday or a day on which banking institutions in Montreal, Canada, Chicago, Illinois, Annapolis, Maryland, New York, New York and/or the cities in which the principal corporate trust or principal operations offices of the Master Trustee and the Trustee to whom a payment is to be made, as applicable, are located are authorized or obligated by law or executive order to be closed or the New York Stock Exchange is closed.

“**City**” means The City of New York, New York.

“**Claims**” means any and all claims (whether in tort, contract or otherwise), taxes (of any kind and by whomsoever imposed), demands, penalties, fines, liabilities, lawsuits, actions, proceedings, settlements, costs and expenses, including attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses.

“**Closing Date**” means the date of the initial issuance and delivery of the Initial Bonds.

“**Code**” means the Internal Revenue Code of 1986, as amended, including the regulations thereunder.

“**Company**” means Aero JFK, LLC, a limited liability company organized and existing under the laws of the State of Delaware, and its successors and assigns.

“**Company’s Property**” means machinery, equipment and other personal property that the Company installs or permits to be installed at the Facility Site at the Company’s own cost and expense, subject to the limitations of the Installment Sale Agreement.

“**Company Sublease**” means the Amended and Restated Company Sublease Agreement, dated as of September 1, 2012, between the Company, as landlord, and the Agency, as tenant, as the same may be amended and supplemented in accordance with its terms and the terms of the Indenture.

“**Condemnation Event**” means that at any time during the term of the Installment Sale Agreement the whole or part of either of the Facilities shall be taken or condemned by a competent authority for any public use or purpose, or by agreement between the Port Authority and/or the Company and those authorized to exercise such right, or if the temporary use of either of the Facilities shall be so taken by condemnation or agreement.

“**Conduct Representation**” means any of the following representations of the Company made pursuant to the Installment Sale Agreement: none of the Company, the Principals of the Company, or any Person that directly or indirectly Controls, is Controlled by, or is under common Control with the Company: (i) is in default or in breach, beyond any applicable grace period, of its obligations under any written agreement with the Agency or the City, unless such default or breach has been waived in writing by the Agency or the City, as the case may be; (ii) has been convicted of a felony and/or any crime involving moral turpitude in the ten (10) preceding years; (iii) has received written notice of default in the payment to the City of any taxes, sewer rents or water charges in excess of \$5,000 that has not been cured or satisfied,

unless such default is then being contested with due diligence in proceedings in a court or other appropriate forum; or (iv) has, at any time in the three (3) preceding years, owned any property which, while in the ownership of such Person, was acquired by the City by in rem tax foreclosure, other than a property in which the City has released or is in the process of releasing its interest to such Person pursuant to the Administrative Code of the City.

“**Consent**” means the Consent Agreement, dated as of September 1, 2012, among the Company, the Agency, the Master Trustee, the Trustee and the Port Authority, as the same may be amended or supplemented.

“**Continuing Disclosure Agreement**” means the Continuing Disclosure Agreement, dated as of the Closing Date, between the Group Representative and Digital Assurance Certification, and shall include any and all amendments thereof and supplements thereto made in conformity therewith.

“**Control**” or “**Controls**”, including the related terms “**controlled by**” and “**under common control with**”, means the power to direct the management and policies of a Person (x) through the ownership, directly or indirectly, of not less than a majority of its voting securities, (y) through the right to designate or elect not less than a majority of the members of its board of directors or trustees or other Governing Body, or (z) by contract or otherwise.

“**Costs of Issuance**” means issuance costs with respect to the Initial Bonds described in Section 147(g) of the Code and any regulations thereunder, including but not limited to the following: Underwriters’ spread (whether realized directly or derived through purchase of the Initial Bonds at a discount below the price at which they are expected to be sold to the public), counsel fees (including bond counsel, counsel to the Underwriters, Trustee’s counsel, Agency’s counsel, Company’s counsel, as well as any other specialized counsel fees incurred in connection with the borrowing); financial advisor fees of any financial advisor to the Agency or the Company incurred in connection with the issuance of the Initial Bonds; engineering and feasibility study costs; guarantee fees (other than Qualified Guarantee Fees, as defined in the Tax Regulatory Agreement); Rating Agency fees; accountant fees and other expenses related to issuance of the Initial Bonds; printing costs (for the Initial Bonds and of the preliminary and final Official Statement relating to the Initial Bonds); printing costs for the Initial Bonds and offering documents; public approval and process costs; fees and expenses of the Agency incurred in connection with the issuance of the Initial Bonds; and Blue Sky fees and expenses; and similar costs.

“**Costs of Issuance Account**” means the special trust account of the Project Fund so designated, established pursuant to the Indenture.

“**Damage Event**” means an event at any time during the term of the Installment Sale Agreement where the whole or part of either of the Facilities shall be damaged or destroyed.

“**Debt Service Reserve Fund**” means the special trust fund so designated, established pursuant to the Indenture.

“**Debt Service Reserve Fund Requirement**” means, as of any particular date of computation, an amount (which amount may take the form of cash, Qualified Investments or any combination thereof) equal to 50% (or 100% upon receipt by the Trustee of a Notice of Reserve Fund Increase until receipt by the Trustee of a Notice of Reserve Fund Decrease) of the maximum annual debt service requirements for the Bonds, but in no event greater than the least of: (i) 10% of the Net Proceeds (as defined in the Tax Regulatory Agreement) of the Outstanding Bonds; (ii) 100% of the greatest amount required in the then current or any future calendar year to pay the sum of the scheduled principal and interest payable on Outstanding Bonds; or (iii) 125% of the average annual amount required in the then current or any future calendar year to pay the sum of scheduled principal and interest on Outstanding Bonds.

“Debt Service Reserve Fund Valuation Date” means June 15 and December 15 of each year commencing December 15, 2012.

“Default” as used in the Indenture means any event or condition which will, with the lapse of time, or the giving of notice, or both, become an Event of Default under the Indenture.

“Defaulted Interest” means interest on any Initial Bond that is due and payable but not paid on the date due.

“Defeasance Collateral” means (i) non-callable direct obligations of the United States of America, non-callable and non-prepayable direct federal agency obligations the timely payment of principal of and interest on which are fully and unconditionally guaranteed by the United States of America, non-callable direct obligations of the United States of America which have been stripped by the United States Treasury itself or by any Federal Reserve Bank (not including “CATS,” “TRS” and “TIGRS”) and the interest components of REFCORP bonds for which the underlying bond is non-callable (or non-callable before the due date of such interest component) for which separation of principal and interest is made by request to the Federal Reserve Bank of New York in book-entry form, and shall exclude investments in mutual funds and unit investment trusts; (ii) non-callable obligations the timely payment of principal and interest on which are fully and unconditionally guaranteed by the United States of America; and (iii) bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local government unit of any such state (x) which are not callable at the option of the obligor or otherwise prior to maturity or as to which irrevocable notice has been given by the obligor to call such bonds or obligations on the date specified in the notice, (y) timely payment of which is fully secured by a fund consisting only of cash or obligations of the character described in clause (i) or (ii) which fund may be applied only to the payment when due of such bonds or other obligations, and (z) which are rated at least “AA+” by S&P or Fitch or at least “Aa3” by Moody’s.

“Determination of Taxability” means, with respect to any Initial Bonds, a determination that the interest income on any Initial Bond does not qualify as being excludable from the gross income of the Holder thereof (“exempt interest”) for any reason other than that such Holder is a “substantial user” of the Facilities or a “related person” as such terms are defined in Section 147 of the Code, which determination shall be deemed to have been made upon the first to occur of any of the following: (i) the date on which any change in law or regulation becomes effective or on which the Internal Revenue Service issues any private ruling, technical advice memorandum or any other written communication to the effect that the interest income on any of the Initial Bonds does not qualify as exempt interest; or (ii) the date on which the Company shall receive notice from the Trustee in writing that the Trustee has been advised by any Holder or former Holder that the Internal Revenue Service has issued a thirty-day letter or other notice which asserts that the interest on any such Initial Bond does not qualify as such exempt interest; or (iii) the date on which the Trustee receives written notice from any Bondholder that the Company or the Agency has taken any action inconsistent with, or has failed to act consistently with, the tax exempt status of interest on the Initial Bonds; provided that no Determination of Taxability shall be deemed to have occurred as a result of a determination by any Bondholder pursuant to clause (iii) above unless such determination is supported by an opinion of Nationally Recognized Bond Counsel to the effect that the interest income on Initial Bonds does not constitute exempt interest and that the Initial Bonds do not qualify for a remedial action under the applicable regulations, compliance with which would render the interest on the Initial Bonds tax exempt. With respect to any other Bonds, “Determination of Taxability” has the meaning, if any, provided in the Supplemental Indenture authorizing the issuance of such Bonds.

“Earnings Fund” means the special trust fund so designated, established pursuant to the Indenture.

“**Enabling Act**” means the New York State Industrial Development Agency Act, constituting Title I of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended.

“**Entity**” means any of a corporation, general partnership, limited liability company, limited liability partnership, joint stock company, trust, estate, unincorporated organization, business association, tribe, firm, joint venture, governmental authority or governmental instrumentality, but shall not include an individual.

“**Event of Default**”, with respect to the Installment Sale Agreement, means any of those events specified in Appendix C - “SUMMARY OF CERTAIN PROVISIONS OF THE NYC IDA INSTALLMENT SALE AGREEMENT - *Events of Default*”, and with respect to the Indenture, means any of those events specified in Appendix B - “SUMMARY OF CERTAIN PROVISIONS OF THE NYC IDA INDENTURE - *Events of Default; Acceleration of Due Date*”, as applicable.

“**Existing Facility Leases**” means those Facility Leases as shall be in effect on the Closing Date, and having the terms set forth in the Description of Existing Facility Leases attached to the Installment Sale Agreement.

“**Existing Facility Property**” means any fixture constituting part of the Facility Equipment.

“**Expiration Date**” under the Installment Sale Agreement means July 2, 2028, 11:59 p.m. (New York City Time).

“**Facilities**” means, collectively, the Tract 8 Facility and the Tract 9A Facility.

“**Facility Equipment**” means, collectively, the Tract 8 Facility Project Equipment and the Tract 9A Facility Project Equipment.

“**Facility Leases**” means, collectively, all leases or other occupancy or use agreements, other than the Basic Lease, the Ground Leases, the Company Sublease and the Installment Sale Agreement, entered into with any Person for the use, possession or occupancy of either or both of the Facilities or any portion thereof, and shall include all Existing Facility Leases.

“**Facility Site**” means, collectively, the Tract 8 Facility Site and the Tract 9A Facility Site.

“**Facility Tenants**” means all Persons as shall use, possess or occupy all or any portion of the Facilities pursuant to a Facility Lease.

“**Favorable Opinion of Bond Counsel**” means, with respect to any action the occurrence of which requires such an opinion, an unqualified Opinion of Counsel, which shall be a Bond Counsel, to the effect that such action is permitted under the Act and the Indenture and will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of Federal income taxation (subject to the inclusion of any exceptions contained in the opinion delivered upon original issuance of the Bonds).

“**Fitch**” means Fitch, Inc., a Delaware corporation, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Group Representative, by notice to the other Notice Parties.

“**Governing Body**” means, when used with respect to any Person, its board of directors, board of trustees or individual or group of individuals by, or under the authority of which, the powers of such Person are exercised.

“**Ground Leases**” means, collectively, the Tract 8 Ground Lease and the Tract 9A Ground Lease.

“**Group Representative**” means a Person at the time designated to act on behalf of the Members of the Obligated Group (as defined in the Master Trust Indenture) for purposes of the Indenture and the other Security Documents in accordance with the Master Trust Indenture.

“**Highest Lawful Rate**” means the maximum rate of non-usurious interest allowed from time to time by law as is in effect as of the Closing Date or, to the extent permitted by law, such higher rate as may afterward be in effect.

“**Impositions**” means all taxes and assessments, general and specific, if any, levied and assessed upon or against either or both of the Facilities, the Company Sublease, the Installment Sale Agreement, any ownership estate or interest of the Agency or the Company in either or both of the Facilities, or the installment purchase payments or other payments or other amounts payable under the Installment Sale Agreement during the term of the Installment Sale Agreement, and all water and sewer charges, special district charges, assessments and other governmental charges and impositions whatsoever, foreseen or unforeseen, ordinary or extraordinary, under any present or future law, and charges for public or private utilities or other charges incurred in the occupancy, use, operation, maintenance or upkeep of the Facilities.

“**Improvements**” means, collectively, the Tract 8 Facility Improvements and the Tract 9A Facility Improvements.

“**Indemnification Commencement Date**” means October 11, 2000, the date on which the Agency first adopted a resolution with respect to the 2001 Project.

“**Indemnified Parties**” means the Agency, the Trustee, the Bond Registrar and the Paying Agent, and any director, member, officer, employee, servant, agent thereof and persons under the Agency’s control or supervision.

“**Indenture**” means the Indenture of Trust, dated as of September 1, 2012, between the Agency and the Trustee, as from time to time amended or supplemented by Supplemental Indentures in accordance with the Indenture.

“**Independent Insurance Consultant**” means such Person (not an employee of either the Agency or the Company or any Affiliate thereof, nor having any substantial interest, direct or indirect, in the Company, nor connected with the Company as a director, officer or employee of the Company) having recognized expertise in insurance matters, selected by the Company by notice in writing to the Agency, the Trustee and the Master Trustee.

“**Initial Bonds**” means the Agency’s \$126,875,000 Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012A authorized, issued, executed, authenticated and delivered under the Indenture.

“**Initial Bonds Master Note**” means that Senior Master Indenture Promissory Note, Series 2012-1, dated the Closing Date and delivered by the Obligated Group (as defined in the Master Trust Indenture) pursuant to the Master Trust Indenture in favor of the Trustee, as the same may be amended or supplemented from time to time.

“Installment Purchase Payment Date” means the Business Day immediately prior to any date on which the principal, Sinking Fund Installments, Redemption Price of, or interest on, the Bonds is due.

“Installment Sale Agreement” means the Installment Sale Agreement and Assignment of Lease, dated as of September 1, 2012, between the Agency and the Company, and shall include any and all amendments thereof and supplements thereto made in conformity therewith and with the Indenture.

“Interest Account” means the special trust account of the Bond Fund so designated, established pursuant to the Indenture.

“Interest Accrual Period” means the period during which a Bond accrues interest payable on the next Interest Payment Date applicable thereto. Each interest Accrual Period shall commence on (and include) the last Interest Payment Date to which interest has been paid (or, if no interest has been paid, from the date of original authentication and delivery of the Bonds) to, but not including, the Interest Payment Date on which interest is to be paid. If, at the time of authentication of any Bond, interest is in default or overdue on the Bonds, such Bond shall bear interest from the date to which interest has previously been paid in full or made available for payment in full on Outstanding Bonds.

“Interest Payment Date” means, with respect to the Initial Bonds, January 1 and July 1 of each year, commencing January 1, 2013, and with respect to any Series of Additional Bonds, the dates set forth therefor in the Supplemental Indenture pursuant to which such Series of Additional Bonds are issued.

“Legal Requirements” means the Constitutions of the United States and the State of New York and all laws, statutes, codes, acts, ordinances, resolutions, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, certificates of occupancy, directions and requirements (including zoning, land use, planning, environmental protection, air, water and land pollution, toxic wastes, hazardous wastes, solid wastes, wetlands, health, safety, equal opportunity, minimum wages, and employment practices) of all governments, departments, commissions, boards, courts, authorities, agencies, officials and officers, including those of the City, foreseen or unforeseen, ordinary or extraordinary, that are applicable now or may be applicable at any time afterward to (i) the Company or any Facility Tenant, (ii) either or both of the Facilities or any part of either thereof, or (iii) any use or condition of either or both of the Facilities or any part of either thereof.

“Letter of Representation and Indemnity Agreement” means the Letter of Representation from the Group Representative to the Agency and the Underwriters of the Initial Bonds.

“Liability” means losses, damage, injury and liability.

“Liens” means any liens, encumbrances, charges, judgments, decrees, orders, levies, processes and claims.

“Loss Event” means a Damage Event or a Condemnation Event.

“Majority Holders” means the Beneficial Owners of at least a majority in aggregate principal amount of the Bonds Outstanding, or, if the Bonds shall cease to be in book-entry form, the Holders of at least a majority in aggregate principal amount of the Bonds Outstanding.

“Master Trust Documents” means the Master Trust Indenture, the Mortgage and the Consent.

“Master Trustee” means Wells Fargo Bank, National Association, as master trustee under the Master Trust Indenture, and its successors and assigns thereunder.

“**Master Trust Indenture**” means that certain Master Trust Indenture (Security Agreement), dated as of September 1, 2012, as supplemented by a First Supplemental Master Trust Indenture, dated as of September 1, 2012, among the Members of the Obligated Group (as specified therein) and the Master Trustee, as the same may be further amended and supplemented from time to time.

“**Merge**” means, with respect to an Entity, consolidate with or merge into another Entity or permit one or more Entities to consolidate with or merge into it.

“**Minor New Facility Leases**” means a New Facility Lease which, at the time of execution, (i) encompasses no more than 10,000 rentable square feet of premises within the Facilities, (ii) is with a Facility Tenant, with respect to which no other Facility Leases exist, (iii) is not with respect to an occupant, user or operator under any other portion of the Facilities, and (iv) no more than 40,000 rentable square feet comprising the Facilities, including the proposed New Facility Lease, shall be the subject of Minor Facility Leases.

“**Moody’s**” means Moody’s Investors Service Inc., a Delaware corporation, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Group Representative, by notice to the other Notice Parties.

“**Mortgage**” means the Leasehold Mortgage, Assignment of Rents and Leases, Security Agreement and Fixture Filing, dated as of September 1, 2012, from the Company and the Agency to the Master Trustee, and shall include any and all amendments thereof and supplements thereto afterward made in conformity therewith and with the Master Trust Indenture.

“**Nationally Recognized Bond Counsel**” means counsel acceptable to the Agency and the Trustee and experienced in matters relating to tax exemption of interest on bonds issued by states and their political subdivisions.

“**New Facility Lease**” means a Facility Lease executed after the Closing Date; provided, however, that an extension of or amendment to an Existing Facility Lease shall not be deemed to be a New Facility Lease.

“**Notice of Reserve Fund Decrease**” shall have the meaning assigned to such term by the Master Trust Indenture.

“**Notice of Reserve Fund Increase**” shall have the meaning assigned to such term by the Master Trust Indenture.

“**Notice Parties**” means the Agency, the Company, the Group Representative, the Bond Registrar, the Paying Agents, the Trustee and the Master Trustee.

“**Obligated Group**” shall have the meaning assigned to that term in the Master Trust Indenture.

“**Opinion of Counsel**” means a written opinion of counsel for the Company or any other Person or Persons (which counsel shall be reasonably acceptable to the Agency and the Trustee) with respect to such matters as required under any Project Document or as the Agency or the Trustee may otherwise reasonably require, and which shall be in form and substance reasonably acceptable to the Agency and the Trustee.

“**Outstanding**”, when used with reference to a Bond or Bonds, as of any particular date, means all Bonds which have been issued, executed, authenticated and delivered under the Indenture, except: (i) Bonds cancelled by the Trustee because of payment or redemption prior to maturity or surrendered to the Trustee

under the Indenture for cancellation; (ii) any Bond (or portion of a Bond) for the payment or redemption of which, in accordance with the Indenture, there has been separately set aside and held in the Redemption Account of the Bond Fund either (A) moneys, and/or (B) Defeasance Collateral in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications as shall be necessary to provide moneys, in an amount sufficient to effect payment of the principal or applicable Redemption Price of such Bond, together with accrued interest on such Bond to the payment or redemption date, which payment or redemption date shall be specified in irrevocable instructions given to the Trustee to apply such moneys and/or Defeasance Collateral to such payment on the date so specified, provided, that, if such Bond or portion thereof is to be redeemed, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice; and (iii) Bonds in exchange for or in lieu of which other Bonds shall have been authenticated and delivered under the Indenture; provided, however, that in determining whether the Holders of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under any Security Document, Bonds owned by the Company or any Affiliate thereof shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Trustee knows to be so owned shall be so disregarded. Bonds which have been pledged in good faith may be regarded as Outstanding for such purposes if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Company or any Affiliate of the Company.

“Participants” means those financial institutions for whom the Securities Depository effects book entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

“Paying Agent” means any paying agent for the Bonds appointed pursuant to the Indenture (and may include the Trustee) and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the Indenture.

“Person” means an individual or any Entity.

“Port Authority” means The Port Authority of New York and New Jersey, a body corporate and politic established by Compact between the States of New York and New Jersey with the consent of the Congress of the United States of America, and its successors and assigns as landlord under the Ground Leases to the Company with respect to the Facilities.

“Predecessor Company” means the predecessor Company.

“Principal Account” means the special trust account of the Bond Fund so designated, established pursuant to the Indenture.

“Principals” means, with respect to any Entity, the most senior three officers of such Entity, and any Person as shall have the power to Control such Entity, and “principal” means any of such Persons.

“Prior Indenture” means the Indenture of Trust, dated as of August 1, 2001, between the Agency and The Bank of New York Mellon, as Trustee.

“Prior Trustee” means The Bank of New York Mellon, as the Trustee under the Prior Indenture.

“**Project**” means the refunding in whole of the Series 2001A Bonds, the funding of the Debt Service Reserve Fund in the amount of the Debt Service Reserve Fund Requirement and the payment of the Costs of Issuance in connection with the issuance of the Initial Bonds.

“**Project Costs**” means: (i) the refunding in whole of the Series 2001A Bonds; (ii) the funding of the Debt Service Reserve Fund in the amount of the Debt Service Reserve Fund Requirement; (iii) the payment of all costs of title insurance as provided in the Installment Sale Agreement; (iv) the payment of the Costs of Issuance with respect to the Initial Bonds; and (v) the payment of all other costs and expenses relating to the refunding of the Series 2001A Bonds or the issuance of a Series of Additional Bonds. Project Costs shall not include (x) fees or commissions of real estate brokers, (y) moving expenses, or (z) operational costs.

“**Project Documents**” means, collectively, the Basic Lease, the Ground Leases, the Facility Leases, the Continuing Disclosure Agreement, the Project Indemnification Agreement, the Security Documents and the Master Trust Documents.

“**Project Fund**” means the special trust fund so designated, established pursuant to the Indenture.

“**Project Indemnification Agreement**” means the Second Amended and Restated Project Indemnification Agreement, dated as of September 1, 2012, from the Group Representative, on behalf of the Obligated Group, and CAC Air Holding, LLC, a Delaware limited liability company, to the Agency and the Trustee, and shall include any and all amendments thereof and supplements thereto afterward made in conformity therewith.

“**Proposed Facility Tenant**” means a proposed new Facility Tenant.

“**Purchase in Lieu of Redemption Date**” means the date upon which Bonds were to have been redeemed in the event of a purchase of Bonds by a Member of the Obligated Group (as defined in the Master Trust Indenture) or by any party designated in writing by the Group Representative.

“**Qualified Financial Institution**” shall have the meaning assigned to that term in the Master Trust Indenture.

“**Qualified Investment Provider**” shall have the meaning assigned to that term in the Master Trust Indenture.

“**Qualified Investments**” shall mean, to the extent permitted by applicable law, the following:

- (i) cash deposits (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with Government Obligations, as such term is defined in the Master Trust Indenture);
- (ii) Government Obligations;
- (iii) obligations of the following federal agencies so long as such obligations are backed by the full faith and credit of the United States of America: (a) U.S. Export-Import Bank (Eximbank), (b) Rural Economic Community Development Administration, (c) Federal Financing Bank, (d) General Services Administration, (e) U.S. Maritime Administration, (f) U.S. Department of Housing and Urban Development (PHAs) (g) Small Business Administration, (h) Government National Mortgage Association (GNMA), (i) Federal Housing Administration, and (j) Farm Credit System Financial Assistance Corporation;

(iv) direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America: (a) senior debt obligations rated in the highest long-term rating category by at least two nationally recognized rating agencies issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC), (b) senior debt obligations of the Federal Home Loan Bank System, and (c) senior debt obligations of other United States government sponsored agencies bearing the same or higher ratings as Government Obligations;

(v) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which either (a) have a rating on their short-term certificates of deposit on the date of purchase in the highest short-term rating category of at least two nationally recognized rating agencies, (b) are insured at all times by the Federal Deposit Insurance Corporation or (c) are collateralized with Government Obligations at 102% of the value thereof valued daily; all such certificates must mature no more than 360 days after the date of purchase (Ratings on holding companies are not considered as the rating of the bank);

(vi) commercial paper which is rated at the time of purchase in the highest short-term rating category of at least two nationally recognized rating agencies and which matures not more than 270 days after the date of purchase;

(vii) investments in (a) money market funds registered under the Investment Company Act of 1940, as amended, whose shares are registered under the Securities Act of 1933, as amended, and rated in the highest short-term rating category of at least two nationally recognized rating agencies, including, without limitation, funds for which the Master Trustee or the Trustee, their respective affiliates and subsidiaries provide investment advisory or other management services, and (b) public sector investment pools operated pursuant to SEC Rule 2a-7 in which the issuer's deposit shall not exceed 5% of the aggregate pool balance at any time and such pool is rated in one of the two highest short-term rating categories of at least two nationally recognized rating agencies;

(viii) pre-funded municipal obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local government unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice and (a) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest long-term rating category of at least two nationally recognized rating agencies (without regard to gradations), or (b)(1) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or Government Obligations, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (2) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(ix) general obligations of states with a short-term rating in one of the two highest rating categories and a long-term rating in one of the two highest rating categories of at least two nationally recognized rating agencies; in the event such obligations are variable rate obligations, the interest rate on such obligations must be reset not less frequently than annually;

(x) investment agreements with a Qualified Investment Provider;

(xi) other forms of investments (including repurchase agreements) approved in writing by a Qualified Financial Institution providing a Credit Facility (each as defined in the Master Trust Indenture) or not unacceptable to the Rating Agencies then rating any Bonds;

(xii) repurchase agreements relating to securities described in clauses (i), (ii), (iii), (iv), (vi), (viii) and (ix) above, with a Qualified Investment Provider which agreement shall provide that (A) such securities have a value of at least 103% (valued on each Interest Payment Date for the Bonds) of the specified repurchase price and are deposited with the Trustee or with a third party custodian approved by, and in accordance with documentation satisfactory to, the Trustee, (B) the provider will repurchase such securities without penalty upon request of the Trustee in order to use the proceeds for any purpose for which the Fund from which the investment was made may be used, (C) if such rating falls below “A3” or “A-,” respectively, by either Moody’s and S&P, the provider must notify the Trustee and repurchase such securities without penalty within five (5) Business Days of such downgrade and (D) the Trustee is expressly authorized to liquidate such securities in the event of the insolvency of the provider or the commencement by or against the provider of a case under the federal Bankruptcy Code or the appointment or taking possession by a trustee or custodian of the assets of the provider;

(xiii) a guaranteed investment contract with a defined termination date, secured by Government Obligations or other security not unacceptable to the Rating Agencies then rating the Bonds in an amount at least equal to the amount invested under the contract and pledged to the Trustee; and

(xiv) that certain Purchase and Resale Agreement, dated as of September 24, 2001, as amended or supplemented and assigned, by and among the Company, the Trustee, U.S. Bank National Association, as custodian, and Wells Fargo Bank, National Association, as provider.

“**Rating Agencies**” means any of Moody’s, S&P or Fitch, which is then providing a rating on the Bonds.

“**Rating Confirmation Notice**” means a notice from Moody’s, S&P or Fitch, as appropriate, confirming that the rating on the Bonds will not be lowered or withdrawn as a result of the action proposed to be taken.

“**Rebate Fund**” means the special trust fund so designated, established pursuant to the Master Trust Indenture, in accordance with the requirements thereof.

“**Record Date**” means, with respect to any Interest Payment Date for the Initial Bonds, the close of business on the fifteenth (15th) day of the month next preceding such Interest Payment Date, or, if such day is not a Business Day, the next preceding Business Day.

“**Redemption Account**” means the special trust account of the Bond Fund so designated, established pursuant to the Indenture.

“**Redemption Date**” means the date fixed for redemption of Bonds subject to redemption in any notice of redemption given in accordance with the terms of the Indenture.

“**Redemption Price**” means, with respect to any Bond or a portion thereof, the principal amount thereof to be redeemed in whole or in part, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or the Indenture.

“**Refunding Account**” means the special trust account of the Project Fund so designated, established pursuant to the Indenture.

“**Refunding Bonds**” means bonds issued under the Indenture to refund all Outstanding Bonds or any Series of Outstanding Bonds or any part of one or more Series of Outstanding Bonds.

“**Refunding Escrow Trust Agreement**” means the Refunding Escrow Trust Agreement, dated as of September 1, 2012, among the Agency, the Company and the Prior Trustee, and shall include any amendments thereto.

“**Related Security Documents**” means all the Security Documents other than the Indenture.

“**Required Disclosure Statement**” means that certain Required Disclosure Statement in the form attached to the Installment Sale Agreement.

“**S&P**” means Standard & Poor’s Ratings Services, a division of The McGraw Hill Companies, Inc., a corporation organized and existing under the laws of the State, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Group Representative, by notice to the other Notice Parties.

“**Securities Act**” means the Securities Act of 1933, as amended, together with any rules and regulations promulgated thereunder.

“**Securities Depository**” means any securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a book-entry system to record ownership of book-entry interests in the Bonds, and to effect transfers of book-entry interests in the Bonds in book-entry form, and includes and means initially DTC.

“**Securities Exchange Act**” means the Securities Exchange Act of 1934, as amended, together with any rules and regulations promulgated thereunder.

“**Security Documents**” means, collectively, the Installment Sale Agreement, the Special Covenants Agreement, the Company Sublease, the Indenture, the Consent, the Initial Bonds Master Note and the Tax Regulatory Agreement.

“**Series**” means all of the Bonds designated as being of the same series authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor pursuant to the Indenture.

“**Series 2001A Bonds**” means the Agency’s Special Airport Facility Revenue Bonds (2001 Airis JFK I, LLC Project at JFK International Airport), Series 2001A originally issued in the aggregate principal amount of \$152,675,000.

“**Sinking Fund Installment**” means an amount so designated and which is established for mandatory redemption on a date certain of the Bonds of any Series of Bonds pursuant to the Indenture. The portion of any such Sinking Fund Installment of a Series of Bonds remaining after the deduction of any amounts credited pursuant to the Indenture toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments of such Series of Bonds due on a future date.

“**Sinking Fund Installment Account**” means the special trust account of the Bond Fund so designated, which is established pursuant to the Indenture.

“**Special Covenants Agreement**” means the Special Covenants Agreement, dated as of September 1, 2012, from the Group Representative on behalf of the Obligated Group (as defined in the Master Trust Indenture) to the Agency and the Trustee, and shall include any and all amendments thereof and supplements thereto afterward made in conformity therewith and with the Indenture.

“**Special Record Date**” means a special record date for the payment of Defaulted Interest.

“**State**” means the State of New York.

“**Successor Company**” means the surviving, resulting or transferee Entity constituting the Company.

“**Supplemental Indenture**” means any indenture supplemental to or amendatory of the Indenture, executed and delivered by the Agency and the Trustee in accordance with the Indenture.

“**Tax Incidence Date**” means the date as of which interest on any Bonds becomes or became includable in the gross income of the recipient thereof (other than any Members of the Obligated Group (as defined in the Master Trust Indenture) or another substantial user or related person) for federal income tax purposes for any cause, as determined by a Determination of Taxability.

“**Tax Regulatory Agreement**” means the Tax Regulatory Agreement, dated the Closing Date, from the Agency and the Company to the Trustee and the Master Trustee, and shall include any and all amendments thereof and supplements thereto afterward made in conformity therewith and with the Indenture.

“**Tenant Certificate and Agreement**” means those certain Tenant Certificate and Agreements, between the Master Trustee and the respective Facility Tenant, in substantially the form set forth as an exhibit to the Installment Sale Agreement and made a part thereof, and shall include any and all amendments thereof and supplements thereto afterward made in conformity therewith and with the Master Trust Indenture.

“**Termination Date**” means such date on which the Installment Sale Agreement may terminate pursuant to its terms and conditions prior to the Expiration Date.

“**Tract 8 Facility**” means, collectively, the Tract 8 Facility Site, the Tract 8 Facility Improvements and the Tract 8 Facility Project Equipment.

“**Tract 8 Facility Improvements**” means those certain buildings, structures, foundations, improvements and related facilities existing as of the Closing Date or at any time thereafter made, erected or situated on the Tract 8 Facility Site, and all replacements, extensions, substitutions, restorations, repairs and additions thereto.

“**Tract 8 Facility Project Equipment**” means all fixtures acquired for installation or use at the Tract 8 Facility and described in the Description of Tract 8 Facility Project Equipment in the appendices attached to the Installment Sale Agreement and made a part of the Installment Sale Agreement, together with all repairs, replacements, substitutions and renewals thereof or therefor, and all parts, additions and accessories incorporated therein or affixed thereto. Tract 8 Facility Project Equipment shall, in accordance with the provisions of the Installment Sale Agreement, include all property substituted for or replacing items of Tract 8 Facility Project Equipment, and exclude all items of Tract 8 Facility Project Equipment so substituted for or replaced. Tract 8 Facility Project Equipment shall not include (x) Company’s Property, (y) property released from the Tract 8 Facility pursuant to the Installment Sale Agreement, or (z) the personal property of any Facility Tenant.

“**Tract 8 Facility Site**” means those certain premises described in the Description of Tract 8 Facility Site in the appendices attached to the Installment Sale Agreement and made a part of the Installment Sale Agreement, and all rights or interests therein or appertaining thereto.

“**Tract 8 Ground Lease**” means the Agreement of Lease (Lease No. AYD-037) dated as of November 15, 2000, between the Port Authority and the Company, as the same may be amended and supplemented after the Closing Date.

“**Tract 9A Facility**” means, collectively, the Tract 9A Facility Site, the Tract 9A Facility Improvements and the Tract 9A Facility Project Equipment.

“**Tract 9A Facility Improvements**” means those certain buildings, structures, foundations, improvements and related facilities existing as of the Closing Date or at any time thereafter made, erected or situated on the Tract 9A Facility Site, and all replacements, extensions, substitutions, restorations, repairs and additions thereto.

“**Tract 9A Facility Project Equipment**” means all fixtures acquired for installation or use at the Tract 9A Facility and described in the Description of Tract 9A Facility Project Equipment in the appendices attached to the Installment Sale Agreement and made a part of the Installment Sale Agreement, together with all repairs, replacements, substitutions and renewals thereof or therefor, and all parts, additions and accessories incorporated therein or affixed thereto. Tract 9A Facility Project Equipment shall, in accordance with the provisions of the Installment Sale Agreement, include all property substituted for or replacing items of Tract 9A Facility Project Equipment, and exclude all items of Tract 9A Facility Project Equipment so substituted for or replaced. Tract 9A Facility Project Equipment shall not include (x) Company’s Property, (y) property released from the Tract 9A Facility pursuant to the Installment Sale Agreement, or (z) the personal property of any Facility Tenant.

“**Tract 9A Facility Site**” means those certain premises described in the Description of Tract 9A Facility Site in the appendices attached to the Installment Sale Agreement and made a part of the Installment Sale Agreement, and all rights or interests therein or appertaining thereto.

“**Tract 9A Ground Lease**” means the Agreement of Lease (Lease No. AYD 038), dated as of November 15, 2000, between the Port Authority and the Company, as the same may be amended and supplemented after the Closing Date.

“**Transfer**” means liquidate, wind up or dissolve or otherwise dispose of.

“**Trustee**” means The Bank of New York Mellon, New York, New York in its capacity as trustee under the Indenture, and its successors in such capacity and their assigns afterward appointed in the manner provided in the Indenture.

“**2001 Project**” means the construction and equipping of two industrial and warehousing facilities consisting of (y) the construction of an approximately 262,515 square foot air cargo and aircraft related service facility at the Tract 8 Facility Site at the Airport, the construction of site improvements, and the acquisition and installation of equipment to constitute fixtures in connection therewith, and (z) the construction of an approximately 172,100 square foot air cargo and aircraft related service facility at the Tract 9A Facility Site at the Airport, the construction of site improvements, and the acquisition and installation of equipment to constitute fixtures in connection therewith, all for use in providing air cargo and aviation support facilities to tenants conducting aviation related activities.

“**Underwriters**” means, collectively, with respect to the Initial Bonds, Goldman, Sachs & Co., Cabrera Capital Markets Inc. and Loop Capital Markets LLC.

APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE NYC IDA INDENTURE

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PART III – APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE NYC IDA INDENTURE

The following is a summary of certain provisions of the NYC IDA Indenture. Defined terms have the meanings set forth in APPENDIX A - “Certain NYC IDA Definitions.” The summary does not purport to be comprehensive and is subject to all of the terms and provisions of the NYC IDA Indenture, to which reference is hereby made.

Granting Clauses

The Agency grants a security interest in, pledges and assigns unto the Trustee, and unto its respective successors in trust, and to their respective assigns, forever for the securing of the performance of the obligations of the Agency under the Indenture, (i) all right, title and interest of the Agency in and to the Installment Sale Agreement, including all installment purchase payments, revenues and receipts payable or receivable thereunder, excluding, however, the Agency’s Reserved Rights, which Agency’s Reserved Rights may be enforced by the Agency and the Trustee, jointly or severally; (ii) all moneys and securities from time to time held by the Trustee under the terms of the Indenture including amounts set apart and transferred to the Earnings Fund, the Project Fund, the Bond Fund, the Debt Service Reserve Fund or any special fund, and all investment earnings of any of the foregoing, subject to disbursements from the Earnings Fund, the Debt Service Reserve Fund, the Project Fund or any such special fund in accordance with the provisions of the Installment Sale Agreement and the Indenture; and (iii) any and all other property of every kind and nature from time to time which is by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security under the Indenture, by the Agency or by any other person, firm or corporation with or without the consent of the Agency, to the Trustee which is authorized under the Indenture to receive any and all such property at any time and at all times to hold and apply the same subject to the terms of the Indenture; upon the terms and trusts set forth in the Indenture for the equal and proportionate benefit, security and protection of all Holders and owners of the Bonds issued under and secured by the Indenture, without privilege, priority or distinction as to lien or otherwise of any of the Bonds over any of the others of the Bonds, except as otherwise expressly provided in the Indenture.

Pledge Effected by the Indenture (Section 2.01)

The proceeds of the Bonds deposited in the Project Fund and certain of the installment purchase payments, receipts and revenues derived from or in connection with the Facilities, including moneys which are required to be set apart, transferred and pledged to the Earnings Fund, to the Bond Fund, to the Debt Service Reserve Fund or to certain special funds, including the investments, if any, thereof (subject to disbursements from such Funds in accordance with the provisions of the Indenture) are pledged by the Indenture for the payment of the principal or Redemption Price, if any, of, Sinking Installments for, and interest on, the Bonds. All such Funds shall be held by the Trustee in trust for the benefit of the Bondholders, and while held by the Trustee constitute part of the Trust Estate and be subject to the lien of the Indenture. The Bonds shall be the special obligations of the Agency and shall be payable by the Agency as to the principal or Redemption Price, if any, of the Bonds, Sinking Fund Installments for the Bonds, and interest on the Bonds only from the Funds, special funds and lease rentals, revenues and receipts pledged therefor. The Bonds are additionally secured by a pledge and assignment of substantially all of the Agency’s right, title and interest in and to the Installment Sale Agreement and by the other Security Documents and the Master Trust Documents. In no event shall any obligations of the Agency under the Indenture or the Bonds or under the Installment Sale Agreement or under any other Security Document or related document for the payment of money create a debt of the State or the City and neither

the State nor the City shall be liable on any obligation so incurred, but any such obligation shall be a special obligation of the Agency secured and payable solely as provided in the Indenture.

Additional Bonds (Section 2.07)

So long as the Company Sublease, the Installment Sale Agreement and the Master Trust Documents are each in effect, one or more Series of Additional Bonds may be issued, authenticated and delivered upon original issuance for the purpose of (i) providing funds in excess of Net Proceeds to repair, relocate, replace, rebuild or restore a Facility in the event of damage, destruction or taking by eminent domain, (ii) providing extensions, additions or improvements to a Facility, the purpose of which shall be to constitute a “project” within the meaning of the Act, or (iii) refunding Outstanding Bonds. Such Additional Bonds shall be payable from the installment purchase payments, receipts and revenues under the Installment Sale Agreement. Prior to the issuance of a Series of Additional Bonds and the execution of a Supplemental Indenture in connection therewith (i) the Agency and the Company shall enter into an amendment to the Installment Sale Agreement which shall provide, among other things, that the installment purchase payments payable by the Company under the Installment Sale Agreement shall be increased and computed so as to amortize in full the principal of and interest on such Series of Additional Bonds and any other costs in connection therewith, (ii) the Group Representative shall execute and deliver a supplement to the Special Covenants Agreement to extend the benefit of all representations, warranties, covenants and agreements thereunder to such Series of Additional Bonds, (iii) the Obligated Group shall execute a Master Indenture Note (in accordance with the Master Trust Indenture) to the Trustee to provide for the payment of the principal of and interest on such Series of Additional Bonds, and (iv) the Company and the Agency shall execute an amendment to the Mortgage to increase the amount secured thereunder by the principal amount of such Series of Additional Bonds. Delivery of a Series of Additional Bonds is subject to the receipt by the Trustee of the requirements specified in the Indenture, including, except in the case of a Series of Refunding Bonds refunding all Outstanding Bonds, a Rating Confirmation Notice for the Outstanding Bonds. In addition, no Series of Additional Bonds shall be issued unless the Project Documents are in effect and at the time of issuance there is no Event of Default nor any event which upon notice or lapse of time or both would become an Event of Default.

Creation of Funds and Accounts (Section 5.01)

Pursuant to the Indenture, the Agency establishes and creates the following special trust Funds and Accounts comprising such Funds:

- (i) the Project Fund, comprised of the Refunding Account and the Costs of Issuance Account,
- (ii) the Bond Fund, comprised of the Principal Account, the Interest Account, the Redemption Account and the Sinking Fund Installment Account;
- (iii) the Earnings Fund, and
- (iv) the Debt Service Reserve Fund.

All of the Funds and Accounts created under the Indenture shall be held by the Trustee, and all moneys required to be deposited with or paid to the Trustee for the credit of any Fund or Account under any provision of the Indenture and all investments made therewith shall be held by the Trustee in trust and applied only in accordance with the provisions of the Indenture, and while held by the Trustee shall constitute part of the Trust Estate (subject to the granting clauses of the Indenture), and be subject to the lien of the Indenture.

Project Fund (Section 5.02)

There shall be deposited in the Project Fund any and all amounts acquired to be deposited therein pursuant to the Indenture or otherwise required to be deposited therein pursuant to the Installment Sale Agreement.

On the Closing Date, the Trustee shall transfer the amount deposited in the Refunding Account of the Project Fund pursuant to the application of proceeds provisions of the Indenture to the Prior Trustee for application in accordance with the Refunding Escrow Trust Agreement to the redemption in whole of the Series 2001A Bonds. The Trustee is authorized under the Indenture to disburse from the Costs of Issuance Account of the Project Fund on the Closing Date the amounts required to pay (in whole or in part) the Costs of Issuance upon a requisition submitted to the Trustee, signed by an Authorized Representative of the Company.

In the event the Company shall be required to or shall elect to cause the Bonds to be redeemed in whole pursuant to the Installment Sale Agreement, the balance in the Project Fund, in the Earnings Fund (in excess of any amount the Trustee is directed to transfer to the Master Trustee for deposit in the applicable account of the Rebate Fund pursuant to the Tax Regulatory Agreement and the Indenture) and in the Debt Service Reserve Fund shall be deposited in the Redemption Account of the Bond Fund. In the event the unpaid principal amount of the Bonds shall be accelerated upon the occurrence of an Event of Default under the Indenture, the balance in the Project Fund, in the Earnings Fund (in excess of any amount the Trustee is directed to transfer to the Rebate Fund pursuant to the Tax Regulatory Agreement and the Indenture) and in the Debt Service Reserve Fund shall be deposited in the Bond Fund as provided in the Indenture.

Except as described below in “Payments into Earnings Fund; Application of Earnings Fund”, all earnings on amounts held in the Project Fund shall be transferred by the Trustee and deposited in the Earnings Fund. Any transfers by the Trustee of amounts to the Rebate Fund shall first be drawn by the Trustee from the Earnings Fund prior to drawing any amounts from the Project Fund.

Payments into Bond Fund (Section 5.03)

The Trustee shall promptly deposit the following receipts into the Bond Fund:

(a) the interest accruing on any Series of Bonds from the date of original issuance thereof to the date of delivery, which shall be credited to the Interest Account of the Bond Fund and applied to the payment of interest on such Series of Bonds;

(b) excess or remaining amounts in the Project Fund required to be deposited (subject to any transfer required to be made to the Master Trustee for deposit in the applicable account of the Rebate Fund in accordance with directions received pursuant to the Tax Regulatory Agreement and the Indenture, or to the Debt Service Reserve Fund to the extent of any deficiency therein) (i) in the Redemption Account of the Bond Fund upon an election by the Company to redeem Bonds pursuant to the Installment Sale Agreement, which shall be kept segregated from all other moneys in such Account, or (ii) in the Bond Fund upon an acceleration of Bonds following the occurrence of an Event of Default, as applicable;

(c) installment purchase payments received by the Trustee pursuant to the Installment Sale Agreement, which shall be deposited in and credited, to the extent necessary, first to the Interest Account, second to the Principal Account, and third to the Sinking Fund Installment Account of the Bond Fund;

(d) advance installment purchase payments received by the Trustee pursuant to the Installment Sale Agreement, which shall be deposited in and credited to the Redemption Account of the Bond Fund;

(e) any amounts transferred from the Earnings Fund pursuant to the Indenture, which shall be deposited in and credited to the Interest Account of the Bond Fund;

(f) the excess amounts in the Redemption Account not applied for redemption within twelve (12) months of their deposit, which shall be deposited in and credited to the Interest Account of the Bond Fund;

(g) any amounts transferred from the Redemption Account pursuant to the Indenture, which shall be deposited to the Interest Account, the Principal Account and the Sinking Fund Installment Account of the Bond Fund, as the case may be and in such order of priority, and applied solely to such purposes;

(h) all other receipts when and if required by the Installment Sale Agreement, by the Indenture or by any other Security Document or Master Trust Document to be paid into the Bond Fund, which shall be credited (except as otherwise provided in the Indenture) to the Interest Account, the Principal Account, the Sinking Fund Installment Account or to the Redemption Account of the Bond Fund, as so stated therein; and

(i) any amounts transferred from the Debt Service Reserve Fund pursuant to the Indenture, which shall be deposited in and credited to the Interest Account, the Principal Account, the Sinking Fund Installment Account or the Redemption Account, as the case may be, of the Bond Fund.

Application of Bond Fund Moneys (Section 5.04)

The Trustee shall (i) on each Interest Payment Date pay or cause to be paid out of the Interest Account in the Bond Fund the interest due on the Bonds, and (ii) further pay out of the Interest Account of the Bond Fund any amounts required for the payment of accrued interest upon any purchase or redemption (including any mandatory Sinking Fund Installment redemption) of Bonds. The Trustee shall on each principal payment date on the Bonds pay or cause to be paid to the respective Paying Agents therefor out of the Principal Account of the Bond Fund, the principal amount, if any, due on the Bonds (other than such as shall be due by mandatory Sinking Fund Installment redemption), upon the presentation and surrender of the requisite Bonds. There shall be paid from the Sinking Fund Installment Account of the Bond Fund to the Paying Agent on each Sinking Fund Installment payment date in immediately available funds the amounts required for the Sinking Fund Installment due and payable with respect to Bonds which are to be redeemed from Sinking Fund Installments on such date (accrued interest on such Bonds being payable from the Interest Account of the Bond Fund). The Trustee shall call for redemption, in the manner provided in the Indenture, Bonds for which Sinking Fund Installments are applicable in a principal amount equal to the Sinking Fund Installment then due with respect to such Bonds. Such call for redemption shall be made even though at the time of mailing of the notice of such redemption sufficient moneys therefor shall not have been deposited in the Bond Fund.

Amounts in the Redemption Account of the Bond Fund shall be applied, at the written direction of the Company, as promptly as practicable, to the purchase of Bonds at prices not exceeding the Redemption Price thereof applicable on the earliest date upon which the Bonds are next subject to optional redemption, plus accrued interest to the date of redemption, provided that no Event of Default has occurred and is continuing. Any amount in the Redemption Account not so applied to the purchase of Bonds by forty-five (45) days prior to the next date on which the Bonds are so redeemable shall be

applied to the redemption of Bonds on such redemption date. Any amounts deposited in the Redemption Account and not applied within twelve (12) months of their date of deposit to the purchase or redemption of Bonds (except if held for defeasance) shall be transferred to the Interest Account. Upon the purchase of any Bonds out of advance installment purchase payments, or upon the redemption of any Bonds, an amount equal to the principal of such Bonds so purchased or redeemed shall be credited against the next ensuing and future Sinking Fund Installments for such Bonds in chronological order of the due dates of such Sinking Fund Installments until the full principal amount of such Bonds so purchased or redeemed shall have been so credited. The portion of any such Sinking Fund Installment remaining after the deduction of such amounts so credited shall constitute and be deemed to be the amount of such Sinking Fund Installment for the purposes of any calculation thereof under the Indenture. The Bonds to be purchased or redeemed shall be selected by the Trustee as provided in the Indenture. Amounts in the Redemption Account to be applied to the redemption of Bonds shall be paid to the respective Paying Agents on or before the redemption date and applied by them on such redemption date to the payment of the Redemption Price of the Bonds being redeemed plus interest on such Bonds accrued to the redemption date. In connection with purchases of Bonds out of the Bond Fund, the Company shall arrange and the Trustee shall execute such purchases (through brokers or otherwise, and with or without receiving tenders) at the written direction of the Company. The payment of the purchase price shall be made out of the moneys deposited in the Redemption Account of the Bond Fund and the payment of accrued interest shall be made out of moneys deposited in the Interest Account of the Bond Fund.

The Agency shall receive a credit in respect of Sinking Fund Installments for any Bonds which are subject to mandatory Sinking Fund Installment redemption and which are delivered by the Agency or the Company to the Trustee on or before the forty-fifth (45th) day next preceding any Sinking Fund Installment payment date and for any Bonds which prior to said date have been purchased or redeemed (otherwise than through the operation of the Sinking Fund Installment Account) and cancelled by the Trustee and not theretofore applied as a credit against any Sinking Fund Installment. Each Bond so delivered, cancelled or previously purchased or redeemed shall be credited by the Trustee at one hundred per cent (100%) of the principal amount thereof against the obligation of the Agency on such Sinking Fund Installment payment date with respect to Bonds of such Series and maturity and the principal amount of such Bonds to be redeemed by operation of the Sinking Fund Installment Account on the due date of such Sinking Fund Installment shall be reduced accordingly, and any excess over such principal amount shall be credited on future Sinking Fund Installments in direct chronological order, and the principal amount of Bonds to be redeemed by application of Sinking Fund Installment payments shall be accordingly reduced.

The Company shall on or before the forty-fifth (45th) day next preceding each Sinking Fund Installment payment date furnish the Trustee with the certificate of an Authorized Representative of the Company indicating whether or not and to what extent the crediting provisions described above are to be availed of with respect to such Sinking Fund Installment payment, stating, in the case of the credit provided for, that such credit has not theretofore been applied against any Sinking Fund Installment and confirming that immediately available cash funds for the balance of the next succeeding prescribed Sinking Fund Installment payment will be paid on or prior to the next succeeding Sinking Fund Installment payment date.

Moneys in the Redemption Account of the Bond Fund which are not set aside or deposited for the redemption or purchase of Bonds shall be transferred by the Trustee to the Interest Account, to the Principal Account or to the Sinking Fund Installment Account of the Bond Fund.

Payments into Earnings Fund; Application of Earnings Fund (Section 5.05)

All investment income or earnings on amounts held in the Project Fund, the Debt Service Reserve Fund or any other special fund (other than the Bond Fund) shall be deposited upon receipt by the Trustee into the Earnings Fund. The Trustee shall keep separate accounts of all amounts deposited in the Earnings Fund and by journal entry indicate the Fund source of the income or earnings.

On the first Business Day following each Computation Period (as defined in the Tax Regulatory Agreement), the Trustee shall withdraw from the Earnings Fund and transfer to the Master Trustee for deposit to the applicable account of the Rebate Fund an amount such that the aggregate amount held in such account of the Rebate Fund after such deposit is equal to the allocable Rebate Amount calculated as of the last day of the Computation Period. In the event of any deficiency, the balance required shall be provided by the Company pursuant to the Tax Regulatory Agreement. Computations of the amounts on deposit in each Fund and of the Rebate Amount shall be furnished to the Trustee and the Master Trustee by the Company in accordance with the Tax Regulatory Agreement.

The foregoing notwithstanding, the Trustee shall not be required to transfer amounts from the Earnings Fund to the Master Trustee for deposit in the applicable account of the Rebate Fund (and shall instead apply such amounts in the Earnings Fund as provided in the immediately following sentence), if the Company shall deliver to the Trustee a certificate of an Authorized Representative of the Company to the effect that (x) the applicable requirements of a spending exception to rebate has been satisfied as of the relevant semiannual period as set forth in the Tax Regulatory Agreement, (y) the proceeds of the Bonds have been invested in obligations the interest on which is not included in gross income for Federal income tax purposes under Section 103 of the Code or (z) the proceeds of the Bonds have been invested in obligations the Yield (as defined in the Tax Regulatory Agreement) on which (calculated as set forth in the Tax Regulatory Agreement) does not exceed the Yield on such Bonds (calculated as set forth in the Tax Regulatory Agreement). Any amounts on deposit in the Earnings Fund following the transfers to the Rebate Fund required as described above shall be deposited in the Interest Account of the Bond Fund.

Payments to the Master Trustee for Deposit in the Rebate Fund (Section 5.06)

In the event the amount on deposit in the applicable account of the Rebate Fund shall be less than the allocable Rebate Amount, as so calculated in accordance with the Tax Regulatory Agreement, the Trustee shall promptly deliver a notice stating the amount of such deficiency to the Company. It is provided in the Installment Sale Agreement that promptly upon receipt of such notice, the Company shall deliver the amount necessary to make up such deficiency to the Master Trustee for deposit in the Rebate Fund.

Transfer to Master Trustee for Deposit in the Rebate Fund (Section 5.07)

The Trustee shall have no obligation under the Indenture to transfer any amounts to the Master Trustee for deposit in the applicable account of the Rebate Fund unless the Trustee shall have received specific written instructions from an Authorized Representative of the Company to make such transfer.

Investment of Funds and Accounts (Section 5.08)

Amounts in any Fund or Account established under the Indenture may, if and to the extent then permitted by law, be invested only in Qualified Investments. Any investment authorized by the Indenture is subject to the condition that no portion of the proceeds derived from the sale of the Bonds shall be used, directly or indirectly, in such manner as to cause any Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code. Such investments shall be made by the Trustee at the written request of an

Authorized Representative of the Company (and such investments may be made by the Trustee through its own bond department); and if such investment is to be in one or more certificates of deposit, investment agreements or guaranteed investment contracts, then such written request shall include written assurance to the effect that such investment complies with the Tax Regulatory Agreement. Any investment under the Indenture shall be made in accordance with the Tax Regulatory Agreement, and the Company shall so certify to the Trustee with each such investment direction as referred to below. Such investments shall mature in such amounts and at such times as may be necessary to provide funds when needed to make payments from the applicable Fund. Net income or gain received and collected from such investments shall be credited and losses charged to (i) the Bond Fund with respect to the investment of amounts held in the Bond Fund, and (ii) the Earnings Fund with respect to the investment of amounts held in any other Fund.

In the event no written investment instructions as to investments are received by the Trustee from an Authorized Representative of the Company, such amounts shall be invested in those Qualified Investments described in clause (vii)(a) of the definition thereof, pending receipt of such investment instructions. The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries. The Trustee is authorized, in making or disposing of any investment, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as principal for its own account. Such investments shall mature in such amounts and at such times as may be necessary to provide funds when needed to make payments from such Funds or Accounts. Investments in the Debt Service Reserve Fund shall mature in five years or less or shall provide for liquidation at par when needed to make payments under the Indenture.

At the written request of an Authorized Representative of the Company no sooner than the fifth Business Day prior to each Installment Purchase Payment Date under the Installment Sale Agreement, the Trustee shall notify the Company of the amount of such net investment income or gain received and collected subsequent to the last such installment purchase payment and the amount then available in the various Accounts of the Bond Fund.

Upon the written direction of an Authorized Representative of the Company, the Trustee shall sell at the best price reasonably obtainable, or present for redemption or exchange, any obligations in which moneys shall have been invested to the extent necessary to provide cash in the respective Funds or Accounts, to make any payments required to be made therefrom, or to facilitate the transfers of moneys or securities between various Funds and Accounts as may be required from time to time pursuant to the provisions of the Indenture. The Trustee shall not be liable for losses incurred as a result of actions taken in good faith in accordance with the Indenture. Neither the Trustee nor the Agency shall be liable for any loss arising from, or any depreciation in the value of any obligations in which moneys of the Funds and Accounts shall be invested in accordance with the Indenture.

In computing the amount in any Fund or Account, obligations purchased as an investment of moneys therein shall be valued as of each Debt Service Reserve Fund Valuation at fair market value as determined by the Trustee. The fair market value of Qualified Investments shall be determined as follows: (i) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times), the average bid and asked prices for such investments so published on or most recently prior to such time of determination; (ii) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times, the average bid price at such nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or as quoted in the Interactive Data Service; and (iii) as to certificates of deposit and bankers acceptances and other investments, the face amount thereof, plus accrued interest. If more than one

provision of the foregoing definition of “fair market value” shall apply at any time to any particular investment, the fair market value thereof at such time shall be determined in accordance with the provision establishing the lowest value for such investment.

In the case of the Debt Service Reserve Fund, a “surplus” means the amount by which the amount on deposit therein is in excess of the Debt Service Reserve Fund Requirement. On each Debt Service Reserve Fund Valuation Date, or any partial redemption of the Bonds, and upon any withdrawal from the Debt Service Reserve Fund, the Trustee shall determine the amount on deposit in the Debt Service Reserve Fund. If on any such date a deficiency exists, the Trustee shall notify the Agency and the Company of such deficiency and that such deficiency must be replenished by the Company as required by the Installment Sale Agreement. If a surplus exists, the Trustee shall notify the Agency and the Company thereof and, subject to the rebate requirements of the Tax Regulatory Agreement, shall upon written instructions of the Company transfer an amount equal to such surplus to the Revenue Fund established under the Master Trust Indenture.

Application of Moneys in Certain Funds for Retirement of Bonds (Section 5.09)

If on any Interest Payment Date or redemption date the amounts held in the Funds established under the Indenture (other than the Earnings Fund and the Rebate Fund) are sufficient to pay one hundred percent (100%) of the principal or Redemption Price, as the case may be, of all Outstanding Bonds and the interest accruing on such Bonds to the next date on which such Bonds are redeemable or payable, as the case may be, whichever is earlier, the Trustee shall so notify the Agency and the Company. Upon receipt of written instructions from an Authorized Representative of the Company directing such redemption, the Trustee shall proceed to redeem all such Outstanding Bonds in the manner provided for redemption of such Bonds by the Indenture.

Repayment to the Company from the Funds (Section 5.10)

After payment in full of the Bonds and the payment of all fees, charges and expenses of the Agency, the Trustee, the Bond Registrar and the Paying Agents and all other amounts required to be paid under the Indenture and each of the Security Documents, and the payment of any amounts which the Trustee is directed to rebate to the Federal government pursuant to the Indenture and the Tax Regulatory Agreement, all amounts remaining in any Fund shall be paid to the Master Trustee for deposit to the Revenue Fund established under the Master Trust Indenture for application as revenues held in such Revenue Fund, and if the Master Trust Indenture is no longer in full force and effect, to or upon the direction of the Group Representative.

Debt Service Reserve Fund (Section 5.12)

If on any Interest Payment Date or redemption date on the Bonds the amount in the Interest Account of the Bond Fund shall be less than the amount of interest then due and payable on the Bonds, or if on any principal payment date on the Bonds the amount in the Principal Account shall be less than the amount of principal of the Bonds then due and payable, or if on any Sinking Fund Installment payment date for the Bonds the amount in the Sinking Fund Installment Account of the Bond Fund shall be less than the amount of the Sinking Fund Installment then due and payable on the Bonds, in each case, after giving effect to all payments received by the Trustee in immediately available funds by 10:00 a.m. (New York City time) on such date from or on behalf of the Company or the Agency on account of such interest, principal or Sinking Fund Installment, the Trustee forthwith shall transfer moneys from the Debt Service Reserve Fund, first, to such Interest Account, second to such Principal Account, and third, to such Sinking Fund Installment Account, all to the extent necessary to make good any such deficiency.

The Trustee shall give to the Company on or prior to each Installment Purchase Payment Date on which the Company is obligated pursuant to the Installment Sale Agreement to pay to the Trustee amounts in respect of any deficiency in the Debt Service Reserve Fund, telephonic notice (to be promptly confirmed in writing) specifying any such deficiency in the Debt Service Reserve Fund. The failure of the Trustee to deliver such notice or any defect in such notice shall not relieve the Agency from any of its obligations under the Indenture or any other obligor from any of its obligations under any of the Security Documents.

Selection of Bonds to be Redeemed (Section 6.02)

In the event of redemption of less than all the Outstanding Bonds of the same Series and maturity, the particular Bonds or portions thereof to be redeemed shall be selected by the Trustee in such manner as the Trustee in its discretion may deem fair, except that (i) Bonds of a Series to be redeemed from Sinking Fund Installments shall be redeemed by lot, and (ii) to the extent practicable, the Trustee shall select Bonds of a Series for redemption such that no Bond of such Series shall be of a denomination of less than the Authorized Denomination for such Series of Bonds. In the event of redemption of less than all the Outstanding Bonds of the same Series stated to mature on different dates, the principal amount of such Series of Bonds to be redeemed shall be applied in inverse order of maturity of the Outstanding Series of Bonds to be redeemed and by lot within a maturity. The portion of Bonds of any Series to be redeemed in part shall be in the principal amount of the minimum Authorized Denomination thereof or some integral multiple thereof and, in selecting Bonds of a particular Series for redemption, the Trustee shall treat each such Bond as representing that number of Bonds of such Series which is obtained by dividing the principal amount of such registered Bond by the minimum Authorized Denomination thereof (referred to below as a "unit") then issuable rounded down to the integral multiple of such minimum Authorized Denomination. If it is determined that one or more, but not all, of the units of principal amount represented by any such Bond is to be called for redemption, then, upon notice of intention to redeem such unit or units, the Holder of such Bond shall forthwith surrender such Bond to the Trustee for (a) payment to such Holder of the Redemption Price of the unit or units of principal amount called for redemption and (b) delivery to such Holder of a new Bond or Bonds of such Series in the aggregate unpaid principal amount of the unredeemed balance of the principal amount of such Bond. New Bonds of the same Series and maturity representing the unredeemed balance of the principal amount of such Bond shall be issued to the registered Holder thereof, without charge therefor. If the Holder of any such Bond of a denomination greater than a unit shall fail to present such Bond to the Trustee for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the unit or units of principal amount called for redemption (and to that extent only).

Notice of Redemption (Section 6.03)

When redemption of any Bonds is requested or required pursuant to the Indenture, the Trustee shall give notice of such redemption in the name of the Agency, specifying the name of the Series, CUSIP number, Bond numbers, the date of original issue of such Series, the date of mailing of the notice of redemption, maturities, interest rates and principal amounts of the Bonds or portions thereof to be redeemed, the redemption date, the Redemption Price, and the place or places where amounts due upon such redemption will be payable (including the name, address and telephone number of a contact person at the Trustee) and specifying the principal amounts of the Bonds or portions thereof to be payable and, if less than all of the Bonds of any maturity are to be redeemed, the numbers of such Bonds or portions thereof to be so redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond or portion thereof to be redeemed the Redemption Price thereof together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable.

The Trustee, in the name and on behalf of the Agency, (i) shall mail a copy of such notice by first class mail, postage prepaid, not more than sixty (60) nor less than thirty (30) days prior to the date fixed for redemption, to the registered owners of any Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registration books, but any defect in such notice shall not affect the validity of the proceedings for the redemption of such Series of Bonds with respect to which proper mailing was effected; and (ii) cause notice of such redemption to be sent to at least two (2) of the national information services that disseminate redemption notices. Any notice mailed in accordance with the Indenture shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice.

With respect to any optional redemption of the Bonds of a Series, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds of such Series to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Agency shall not be required to redeem the Bonds of such Series. In the event that such notice of optional redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. If a notice of optional redemption shall be unconditional, or if the conditions of a conditional notice of optional redemption shall have been satisfied, then upon presentation and surrender of the Bonds of such Series so called for redemption at the place or places of payment, such Series of Bonds shall be redeemed.

Payment of Redeemed Bonds (Section 6.04)

Notice having been given in the manner provided in the Indenture, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption dates so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date. If, on the redemption date, moneys for the redemption of all the Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be held by the Paying Agents so as to be available therefor on said date and if notice of redemption shall have been given in accordance with the Indenture, then, from and after the redemption date, (i) interest on the Bonds or portions thereof so called for redemption shall cease to accrue and become payable, (ii) the Bonds or portions thereof so called for redemption shall cease to be entitled to any lien, benefit or security under the Indenture, and (iii) the Holders of the Bonds or portions thereof so called for redemption shall have no rights in respect thereof, except to receive payment of the Redemption Price together with interest accrued to the redemption date. If said moneys shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Payment of the Redemption Price plus interest accrued to the redemption date shall be made to or upon the order of the registered owner only upon presentation of such Bonds for cancellation and exchange as provided in the Indenture; provided, however, that any Holder of at least \$1,000,000 in original aggregate principal amount of the Initial Bonds may, by written request to the Trustee no later than five (5) days prior to the date of redemption, direct that payments of Redemption Price and accrued interest to the date of redemption be made by wire transfer as soon as practicable after tender of the Bonds in Federal funds at such wire transfer address as the owner shall specify to the Trustee in such written request.

No Partial Redemption After Default (Section 6.06)

If there shall have occurred and be continuing an Event of Default under the Indenture, there shall be no redemption of less than all of the Bonds Outstanding.

Purchase in Lieu of Redemption (Section 6.07)

Any Bonds called for redemption may be purchased by any Member of the Obligated Group or by any party designated in writing by the Group Representative, on the Purchase in Lieu of Redemption Date, at the Redemption Price thereof, together with accrued interest. The Group Representative shall deliver a written direction to the Trustee of the party to purchase the Bonds, not later than the Business Day immediately preceding the Purchase in Lieu of Redemption Date.

Payment of Principal and Interest; Performance of Covenants (Section 7.01 and Section 7.02)

The Agency covenants that it will from the sources contemplated in the Indenture (including the Security Documents and the Master Trust Documents) promptly pay or cause to be paid the principal of, Sinking Fund Installments for, and interest on the Bonds, and the Redemption Price, if any, together with interest accrued thereon to the date of redemption, at the place, on the dates and in the manner provided in the Indenture and in the Bonds according to the true intent and meaning thereof.

The Agency covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in the Indenture, in any and every Bond executed, authenticated and delivered under the Indenture and in all proceedings pertaining thereto.

Indebtedness; Sale of Interest in Facilities (Section 7.05)

The Agency shall not create or suffer to be created, or incur or issue any evidences of indebtedness secured by, any lien or charge upon or pledge of the Trust Estate except the lien, charge and pledge created by the Indenture, the Company Sublease, the Installment Sale Agreement and the Mortgage. The Agency further covenants and agrees not to sell, convey, transfer, lease, mortgage or encumber its interest in the Facilities or any part thereof except as specifically permitted under the Indenture, the Mortgage or the Installment Sale Agreement, so long as any of the Bonds are Outstanding.

Agency Tax Covenant (Section 7.08)

The Agency covenants in the Indenture that it shall not take any action within its control, nor refrain from taking any action reasonably requested by the Company or the Trustee, that would cause the interest on the Bonds to become includable in gross income for Federal income tax purposes; provided, however, the breach of such covenant shall not result in any pecuniary liability of the Agency and the only remedy to which the Agency shall be subject shall be specific performance.

Events of Default; Acceleration of Due Date (Section 8.01)

Each of the following events is defined as and shall constitute an Event of Default under the Indenture:

- (1) Failure in the payment of the interest on any Bond when the same shall become due and payable;
- (2) Failure in the payment of the principal or redemption premium, if any, of, or Sinking Fund Installment for, any Bonds, when the same shall become due and payable, whether

at the stated maturity thereof or upon proceedings for redemption thereof or otherwise, or interest accrued thereon to the date of redemption after notice of redemption therefor or otherwise;

(3) Failure of the Agency to observe or perform any covenant, condition or agreement in the Bonds or under the Indenture on its part to be performed (except as set forth in clauses (1) or (2) above) and (A) continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Agency and the Company specifying the nature of same from the Trustee or the Holders of more than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding, or (B) if by reason of the nature of such failure the same can be remedied, but not within the said thirty (30) days, the Agency or the Company fails to commence and thereafter proceed with reasonable diligence after receipt of said notice to cure such failure or fails to continue with reasonable diligence its efforts to cure such failure or fails to cure such failure within sixty (60) days of delivery of said notice;

(4) The occurrence of an "Event of Default" under the Installment Sale Agreement or any other Security Document or Master Trust Document; or

(5) The occurrence of an Act of Bankruptcy with respect to the Agency.

Upon the happening and continuance of any Event of Default, unless the principal of all the Bonds shall have already become due and payable, either the Trustee (by notice in writing to the Agency, the Master Trustee, the Group Representative and the Company) or the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding (by notice in writing to the Agency, the Master Trustee, the Group Representative and the Company) may declare the principal or Redemption Price, if any, of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything in the Indenture or in any of the Bonds contained to the contrary notwithstanding.

If there shall occur an Event of Default under the Installment Sale Agreement constituting a voluntary or involuntary bankruptcy event as specified therein, the unpaid principal of all the Bonds (and all principal installments of installment purchase payments under the Installment Sale Agreement) and the interest accrued thereon shall be due and payable immediately without the necessity of any declaration or other action by the Trustee or any other Person.

The right of the Trustee or of the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding to make any such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, but before any judgment or decree for the payment of moneys due shall have been entered or obtained: all overdue installments of principal of and interest on all of the Bonds which shall have matured by their terms (other than by acceleration) and the unpaid Redemption Price of the Bonds or principal portions thereof to be redeemed has been paid by or for the account of the Agency, and all other Events of Default have been otherwise remedied, and the reasonable and proper charges, expenses and liabilities of the Trustee and the Master Trustee, shall either be paid by or for the account of the Agency or provision satisfactory to the Trustee and the Master Trustee shall be made for such payment, and the Company's leasehold interest in the Facilities shall not have been sold or relet or otherwise encumbered, and all defaults have been otherwise remedied as provided in the Indenture, then and in every such case, the Trustee may, and, if requested by the Majority Holders, shall, waive all Events of Default and rescind and annul such declaration and its consequences and any such default and its consequences shall ipso facto be deemed to be annulled, but no such annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

Enforcement of Remedies (Section 8.02)

Upon the occurrence and continuance of any Event of Default, then and in every case the Trustee may proceed, and upon the written request of the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding shall proceed, to protect and enforce its rights and the rights of the Bondholders under the Act, the Bonds, the Installment Sale Agreement, the Indenture and under any other Security Document and Master Trust Document forthwith by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, whether for the specific performance of any covenant or agreement contained in the Indenture or in any other Security Document or Master Trust Document or in aid of the execution of any power granted in the Indenture or in any other Security Document or Master Trust Document or in the Act or for the enforcement of any legal or equitable rights or remedies as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights or to perform any of its duties under the Indenture or under any other Security Document or Master Trust Document. In addition to any rights or remedies available to the Trustee under the Indenture or elsewhere, upon the occurrence and continuance of an Event of Default the Trustee may take such action, without notice or demand, as it deems advisable.

In the enforcement of any right or remedy under the Indenture, under any other Security Document or under the Act, the Trustee shall be entitled to sue for, enforce payment on and receive any or all amounts then or during any default becoming, and any time remaining, due from the Agency, for principal, interest, Sinking Fund Installments, Redemption Price, or otherwise, under any of the provisions of the Indenture, of any other Security Document, of any Master Trust Document or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in the Bonds, together with any and all costs and expenses of collection and of all proceedings under the Indenture, under any such other Security Document, under any Master Trust Document and under the Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce judgment or decree against the Agency, but solely as provided in the Indenture and in the Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect (but solely from the moneys in the Bond Fund and other moneys available therefor to the extent provided in the Indenture) in any manner provided by law, the moneys adjudged or decreed to be payable. The Trustee shall file proof of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Bondholders allowed in any judicial proceedings relative to the Company, any other Member of the Obligated Group, the Master Trustee or the Agency or their creditors or property.

Regardless of the occurrence of an Event of Default, the Trustee, if requested in writing by the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding, and furnished with reasonable security and indemnity, shall institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under the Indenture or under any other Security Document by any acts which may be unlawful or in violation of the Indenture or of such other Security Document or of any resolution authorizing any Bonds, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Bondholders; provided, that such request shall not be otherwise than in accordance with the provisions of law and of the Indenture and shall not be unduly prejudicial to the interests of the Holders of the Bonds not making such request.

Application of Revenues and Other Moneys After Default (Section 8.03)

All moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture or under any other Security Document shall, to the extent not required under the Initial Bonds Master Note or the Master Trust Indenture to be delivered to the Master Trustee to be

applied under the Master Trust Indenture, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee or the Master Trustee, be deposited in the Bond Fund and all moneys so deposited and available for payment of the Bonds shall be applied (subject to payment or reimbursement by the Company to the Trustee for reasonable fees and expenses for services rendered under the Indenture and under each other Security Document), as follows:

(A) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

First - To the payment to the Persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege; and

Second - To the payment to the Persons entitled thereto of the unpaid principal of any of the Bonds or principal installments which shall have become due (other than Bonds or principal installments called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in the order of their due dates, with interest on such Bonds, at the rate or rates expressed thereon, from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full Bonds or principal installments due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the Persons entitled thereto without any discrimination or privilege.

(B) If the principal of all the Bonds shall have become or have been declared due and payable, to the payment to the Bondholders of the principal and interest (at the rate or rates expressed in the Bonds) then due and unpaid upon the Bonds and if applicable to the Redemption Price of the Bonds without preference or priority of principal over interest or of interest over principal, Sinking Fund Installments, 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.

(C) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the Indenture, then (subject to the provisions of the preceding clause (B), which shall be applicable in the event that the principal of all of the Bonds shall later become due and payable) the moneys shall be applied in accordance with clause (A) above.

Whenever moneys are to be applied pursuant to the foregoing provisions, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue; provided, however, that if the principal or Redemption Price of the Bonds Outstanding, together with accrued interest thereon, shall have been declared to be due and payable upon an Event of Default pursuant to the Indenture, such date of declaration shall be the date from which interest shall cease to accrue. The Trustee shall give such written notice to all Bondholders as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and

shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Actions by Trustee (Section 8.04)

All rights of actions under the Indenture, under any other Security Document or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Bonds, and any recovery of judgment shall, subject to the provisions of the Indenture, be for the equal benefit of the Holders of the Outstanding Bonds.

Majority Holders Control Proceedings (Section 8.05)

Anything in the Indenture to the contrary notwithstanding, the Majority Holders shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings under the Indenture; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture.

Individual Bondholder Action Restricted (Section 8.06)

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 provisions of the Indenture or of any other Security Document or Master Trust Document or the execution of any trust under the Indenture or for any remedy under the Indenture or under any other Security Document or Master Trust Document, unless such Holder shall have previously given to the Trustee written notice of the occurrence of an Event of Default as provided in the Indenture, and the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity either to exercise the powers granted in the Indenture or in such other Security Document or Master Trust Document or by the Act or by the laws of the State or to institute such action, suit or proceeding in its own name, and unless such Holders shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request for a period of sixty (60) days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by his, its or their action to affect, disturb or prejudice the pledge created by the Indenture, or to enforce any right under the Indenture except in the manner therein provided; and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner provided in the Indenture and, subject to the provisions described above under "Application of Revenues and Other Moneys After Default", be for the equal benefit of all Holders of the Outstanding Bonds.

Nothing in the Indenture, in any other Security Document or Master Trust Document or in the Bonds contained shall affect or impair the right of any Bondholder to payment of the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, and interest on any Bond at and after the maturity thereof, or the obligation of the Agency to pay the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, and interest on each of the Bonds to the respective Holders thereof at the time, place, from the source and in the manner in the Indenture and in the Bonds expressed.

Effect of Discontinuance of Proceedings (Section 8.07)

In case any proceedings taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case, the Agency, the Trustee and the Bondholders shall be restored, respectively, to their former positions and rights under the Indenture, and all rights, remedies, powers and duties of the Trustee shall continue as in effect prior to the commencement of such proceedings.

Remedies Not Exclusive (Section 8.08)

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee or to the Holders of the Bonds is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given under the Indenture or now or hereafter existing at law or in equity or by statute.

Delay or Omission (Section 8.09)

No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power arising upon any default shall impair any right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by the Indenture to the Trustee and the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Bondholders.

Notice of Default (Section 8.10)

The Trustee shall promptly mail to the Agency, to registered Holders of Bonds, to the Master Trustee, to the Group Representative, to the Company and the other Members of the Obligated Group (as defined in the Master Trust Indenture), by first class mail, postage prepaid, written notice of the occurrence of any Event of Default. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail any notice required by the Indenture.

Waivers of Default (Section 8.11)

The Trustee shall waive any default under the Indenture and its consequences and rescind any declaration of acceleration only upon the written request of the Majority Holders; provided, however, that there shall not be waived without the consent of the Holders of all the Bonds Outstanding (a) any default in the payment of the principal of any Outstanding Bonds at the date specified therein or (b) any default in the payment when due of the interest on any such Bonds, unless, prior to such waiver, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds on overdue installments of interest in respect of which such default shall have occurred, and all arrears of payment of principal when due, as the case may be, and all expenses of the Trustee in connection with such default shall have been paid or provided for, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely to the Trustee, then and in every such case the Agency, the Trustee and the Bondholders shall be restored to their former positions and rights under the Indenture, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Defeasance (Section 10.01)

If the Agency shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, interest and all

other amounts due or to become due thereon or in respect thereof, at the times and in the manner stipulated therein and in the Indenture, and all fees and expenses and other amounts due and payable under the Indenture and the Installment Sale Agreement, and any other amounts required to be rebated to the Federal government pursuant to the Tax Regulatory Agreement or the Indenture, shall be paid in full, then the pledge of any installment purchase payments, revenues or receipts from or in connection with the Security Documents, and the estate and rights granted by the Indenture, and all covenants, agreements and other obligations of the Agency to the Bondholders under the Indenture shall thereupon cease, terminate and become void and be discharged and satisfied and the Bonds shall thereupon cease to be entitled to any lien, benefit or security under the Indenture, except as to moneys or securities held by the Trustee or the Paying Agents as provided in the Indenture. At the time of such cessation, termination, discharge and satisfaction, (1) the Trustee shall cancel and discharge the lien of the Indenture and execute and deliver to the Master Trustee, so long as the Master Trust Indenture remains in full force and effect, and thereafter, to or upon the direction of the Company, all such instruments as may be appropriate to satisfy such liens and to evidence such discharge and satisfaction, and (2) the Trustee and the Paying Agent shall pay over or deliver to the Company or on its order all moneys or securities held by them pursuant to the Indenture which are not required (i) for the payment of the principal or Redemption Price, if applicable, Sinking Fund Installments for, or interest on Bonds not theretofore surrendered for such payment or redemption, (ii) for the payment of all such other amounts due or to become due under the Security Documents, or (iii) for the payment of any amounts the Trustee has been directed to pay to the Federal government under the Tax Regulatory Agreement or the Indenture.

Bonds or interest installments for the payment or redemption of which moneys (or Defeasance Collateral which shall not be subject to call or redemption or prepayment prior to maturity and the full and timely payment of the principal of and interest on which when due, together with the moneys, if any, set aside at the same time, will provide funds sufficient for such payment or redemption) shall then be set aside and held in trust by the Trustee or Paying Agents, whether at or prior to the maturity or the redemption date of such Bonds, shall be deemed to have been paid within the meaning and with the effect expressed in the above paragraph, if (i) in case any such Bonds are to be redeemed prior to the maturity thereof, all action necessary to redeem such Bonds shall have been taken and notice of such redemption shall have been duly given or provision satisfactory under the requirements of the Indenture to the Trustee shall have been made for the giving of such notice, and (ii) if the maturity or redemption date of any such Bond shall not then have arrived, (y) provision shall have been made by deposit with the Trustee or other methods satisfactory to the Trustee for the payment to the Holders of any such Bonds of the full amount to which they would be entitled by way of principal or Redemption Price, Sinking Fund Installments, and interest and all other amounts then due under the Security Documents to the date of such maturity or redemption, and (z) provision satisfactory to the Trustee shall have been made for the mailing of a notice to the Holders of such Bonds that such moneys are so available for such payment on such maturity or redemption date. Neither Defeasance Collateral nor moneys deposited with the Trustee nor principal or interest payments on any such Defeasance Collateral 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 any, of, Sinking Fund Installments for, and interest on said Bonds; but if any cash received from such principal or interest payments on such Defeasance Collateral deposited with the Trustee, is not then needed for such purpose, the Trustee shall notify the Agency and the Company of such receipt, and upon written direction from the Company shall, to the extent practicable, reinvest such amounts in Defeasance Collateral maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if any, or, Sinking Fund Installments for, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Master Trustee, so long as the Master Trust Indenture remains in full force and effect, and, thereafter, to or upon the direction of the Company, as received by the Trustee, free and clear of any trust, lien or pledge under the Indenture.

Prior to any defeasance becoming effective as provided in the immediately preceding paragraph, there shall have been delivered to the Agency and to the Trustee (A) an opinion of Nationally Recognized Bond Counsel to the effect that interest on any Bonds being discharged by such defeasance will not become subject to federal income taxation by reason of such defeasance, and (B) a verification from an independent certified public accountant or firm of independent certified public accountants (in each case reasonably satisfactory to the Agency and the Trustee) to the effect that the moneys and/or Defeasance Collateral are sufficient, without reinvestment, to pay the principal of, Sinking Fund Installments for, interest on, and redemption premium, if any, of the Bonds to be defeased.

Supplemental Indentures Without Bondholders' Consent (Section 11.02)

The Agency and the Trustee may, from time to time and at any time, enter into Supplemental Indentures without the consent of the Bondholders for any of the following purposes:

- (1) cure any formal defect, omission or ambiguity in the Indenture or in any description of property subject to the lien of the Indenture, if such action is not materially adverse to the interests of the Bondholders;
- (2) grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with the Indenture as theretofore in effect;
- (3) add to the covenants and agreements of the Agency in the Indenture other covenants and agreements to be observed by the Agency which are not contrary to or inconsistent with the Indenture as theretofore in effect;
- (4) add to the limitations and restrictions in the Indenture other limitations and restrictions to be observed by the Agency which are not contrary to or inconsistent with the Indenture as theretofore in effect;
- (5) confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Indenture, of the properties of the Facilities, or revenues or other income from or in connection with the Facilities or of any other moneys, securities or funds, or to subject to the lien or pledge of the Indenture additional revenues, properties or collateral;
- (6) modify or amend such provisions of the Indenture as shall, in the opinion of Nationally Recognized Bond Counsel, be necessary to assure that the interest on the Bonds not be includable in gross income for Federal income tax purposes;
- (7) effect any other change in the Indenture which, in the judgment of the Trustee, is not to the material prejudice of the Trustee or the Bondholders;
- (8) modify, amend or supplement the Indenture or any Supplemental Indenture in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939 or any similar federal statute afterward in effect or to permit the qualification of the Bonds for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, if they so determine, to add to the Indenture or any Supplemental Indenture such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute; or

(9) authorize the issuance of a Series of Additional Bonds to the extent consistent with the requirements of the Indenture.

Before the Agency and the Trustee shall enter into any Supplemental Indenture, there shall have been filed with the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that (x) such Supplemental Indenture is authorized or permitted by the Indenture and complies with its terms, (y) upon execution it will be valid and binding upon the Agency in accordance with its terms, and (z) the execution and delivery of the Supplemental Indenture will not adversely affect the exclusion of interest on the Bonds from the gross income of the Holders for federal income tax purposes.

Supplemental Indentures With Bondholders' Consent (Section 11.03)

Subject to the terms and provisions contained in the Indenture, the Majority Holders shall have the right from time to time, to consent to and approve the entering into by the Agency and the Trustee of any Supplemental Indenture as shall be deemed necessary or desirable by the Agency for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture. Nothing in the Indenture shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal of, Sinking Fund Installments for, redemption premium, if any, or interest on any Outstanding Bonds, a change in the terms of redemption or maturity of the principal of or the interest on any Outstanding Bonds, or a reduction in the principal amount of or the Redemption Price of any Outstanding Bond or the rate of interest thereon, or any extension of the time of payment thereof, without the consent of the Holder of such Bond, (ii) the creation of a lien upon or pledge of revenues from or in connection with the Facilities other than the liens or pledge created by the Indenture and the Mortgage, except as provided in the Indenture with respect to Additional Bonds, (iii) a preference or priority of any Bond or Bonds over any other Bond or Bonds, (iv) a reduction in the aggregate principal amount of Bonds required for consent to such Supplemental Indenture, or (v) a modification, amendment or deletion with respect to any of the terms set forth in this paragraph, without, in the case of items (ii) through and including (v), the written consent of one hundred percent (100%) of the Holders of the Outstanding Bonds. If at any time the Agency shall determine to enter into any Supplemental Indenture for any of the above purposes, it shall cause notice of the proposed Supplemental Indenture to be mailed, postage prepaid, to all Bondholders. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture, and shall state that a copy thereof is on file at the offices of the Trustee for inspection by all Bondholders.

Within one year after the date of such notice, the Agency and the Trustee may enter into such Supplemental Indenture in substantially the form described in such notice only if there shall have first been filed with the Trustee (i) the written consents of the Majority Holders or the Holders of not less than 100%, as the case may be, in aggregate principal amount of the Bonds then Outstanding and (ii) an Opinion of Nationally Recognized Bond Counsel stating that such Supplemental Indenture is authorized or permitted by the Indenture and complies with its terms, that upon execution it will be valid and binding upon the Agency in accordance with its terms, and that the execution and delivery of the Supplemental Indenture will not adversely affect the exclusion of interest on the Bonds from the gross income of the Holders for federal income tax purposes.

Rights of Company (Section 12.01)

Any Supplemental Indenture entered into pursuant to the Indenture which materially and adversely affects any rights, powers and authority of the Company under the Installment Sale Agreement or requires a revision of the Installment Sale Agreement shall not become effective unless and until the Company shall have given its written consent to such Supplemental Indenture signed by an Authorized Representative of the Company.

Amendments of Related Security Documents Not Requiring Consent of Bondholders (Section 12.02)

The Agency and the Trustee may, without the consent of or notice to the Bondholders, consent (if required) to any amendment, change or modification of any of the Related Security Documents for any of the following purposes: (i) to cure any ambiguity, inconsistency, formal defect or omission therein; (ii) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security which may be lawfully granted or conferred; (iii) to subject thereto additional revenues, properties or collateral; (iv) to evidence the succession of a successor Trustee or to evidence the appointment of a separate or co-Trustee or the succession of a successor separate or co-Trustee; (v) to make any change required in connection with a permitted amendment to a Related Security Document or a permitted Supplemental Indenture; and (vi) to make any other change that, in the judgment of the Trustee does not materially adversely affect the Bondholders.

Amendments of Related Security Documents Requiring Consent of Bondholders (Section 12.03)

Except as described in “*Amendments of Related Security Documents Not Requiring Consent of Bondholders*” above, the Agency and the Trustee shall not consent to any amendment, change or modification of any of the Related Security Documents, without mailing of notice and the written approval or consent of the Majority Holders given and procured in the same manner as consents for Supplemental Indentures; provided, however, there shall be no amendment, change or modification to (i) the obligation of the Company to make installment purchase payments with respect to the Bonds under the Installment Sale Agreement, or (ii) the Tax Regulatory Agreement without the delivery of an opinion of Nationally Recognized Bond Counsel to the effect that such amendment, change, modification, reduction or postponement will not cause the interest on any Series of Bonds to become includable in gross income for Federal income tax purposes. If at any time the Company shall request the consent of the Trustee to any such proposed amendment, change or modification, the Trustee shall cause notice of such proposed amendment, change or modification to be mailed in the same manner as is provided with respect to Supplemental Indentures.

APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE NYC IDA INSTALLMENT SALE AGREEMENT

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**SUMMARY OF CERTAIN PROVISIONS
OF THE NYC IDA INSTALLMENT SALE AGREEMENT**

The following is a summary of certain provisions of the NYC IDA Installment Sale Agreement. Defined terms have the meanings set forth in APPENDIX A - “Certain NYC IDA Definitions.” The summary does not purport to be comprehensive and is subject to all of the terms and provisions of the NYC IDA Installment Sale Agreement, to which reference is hereby made.

Maintenance of Facilities (Section 3.3)

During the term of the Installment Sale Agreement, the Company shall: (i) keep the Facilities in good and safe operating order and condition, ordinary wear and tear excepted, (ii) occupy, use and operate the Facilities, or cause the Facilities to be occupied, used and operated, as the Approved Facilities, and (iii) make or cause to be made all replacements, renewals and repairs thereto (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen) necessary to ensure that (w) the Facilities shall be operated in accordance with the requirements of the Installment Sale Agreement, the Tax Regulatory Agreement, the Master Indenture Documents, the Ground Leases and the Facility Leases, (x) the interest on the Bonds shall not cease to be excludable from gross income for federal income tax purposes, (y) the operations of the Company at the Facilities shall not be materially impaired or diminished in any way, and (z) the security for the Bonds shall not be materially impaired. All replacements, renewals and repairs shall be similar in quality, class and value to the original work and be made and installed in compliance with all applicable Legal Requirements. The Agency shall be under no obligation to replace, service, test, adjust, erect, maintain or effect replacements, renewals or repairs of the Facilities, to effect the replacement of any inadequate, obsolete, worn out or unsuitable parts of the Facilities, or to furnish any utilities or services for the Facilities, and the Company agrees to assume full responsibility therefor.

Alterations and Improvements (Section 3.4)

The Company shall have the privilege of making such Additional Improvements as it in its discretion may determine to be desirable for its uses and purposes, provided that the Additional Improvements (i) are effected with due diligence, in a good and workmanlike manner and in compliance with the Master Trust Documents, the Ground Leases, the Facility Leases and all applicable Legal Requirements, (ii) are promptly and fully paid for by the Company in accordance with the terms of the applicable contract(s) therefor, and (iii) do not change the nature of the Facilities so that they would not constitute the Approved Facilities and a qualified “project” within the meaning of the Act, nor cause either Facility to cease to be an exempt “airport facility” within the meaning of Section 142(a)(1) of the Code. All Additional Improvements shall constitute a part of the respective Facility, subject to the Company Sublease, the Installment Sale Agreement and the remaining Project Documents.

In addition to the Facility Equipment, the Company shall have the right to install or permit to be installed at the Facility Site, machinery, equipment and other personal property at the Company’s own cost and expense, constituting Company’s Property. Once so installed, the Company’s Property shall not constitute Facility Equipment and shall not be subject to the Company Sublease or the Installment Sale Agreement, nor constitute part of the Facilities, or subject to the lien and security interest of the Mortgage, subject, however, to the Master Trust Documents, provided that the same is not made fixtures appurtenant to the Facility Site or the Improvements. The Company shall have the right to create or permit to be created any mortgage, encumbrance, lien or charge on, or conditional sale or other title retention agreement with respect to, the Company’s Property, without the consent of or notice to the Agency or the Trustee, provided, however, that the same does not create or purport to create any lien on

the Facilities other than Permitted Encumbrances or Permitted Liens (each as defined in the Master Trust Indenture).

Removal of Property of the Facilities (Section 3.5)

Subject to the Master Trust Documents and the Ground Leases, the Company shall have the right from time to time to remove from the Facilities any Existing Facility Property and thereby removing such Existing Facility Property from the Company Sublease and the Installment Sale Agreement, provided, however, such Existing Facility Property is substituted or replaced by property (y) having equal or greater fair market value, operating efficiency and utility and (z) free of all mortgages, liens, charges, encumbrances, claims and security interests other than Permitted Encumbrances and Permitted Liens (each as defined in the Master Trust Indenture). No such removal shall be effected if (i) such removal would cause the Company to be in default under any of the Project Documents, (ii) such removal would cause the interest on the Bonds to cease to be excludable from gross income for federal income tax purposes, (iii) such removal would change the nature of either of the Facilities as the Approved Facilities and a qualified “project” within the meaning of the Act, or cause either of the Facilities to cease to be an exempt “airport facility” within the meaning of Section 142(a)(1) of the Code, (iv) such removal would materially impair the usefulness, structural integrity or operating efficiency of the Facilities or have a Material Adverse Effect (as defined in the Master Trust Indenture), (v) such removal would materially reduce the fair market value of the Facilities below their value immediately before such removal, or (vi) there shall exist and be continuing an Event of Default under the Installment Sale Agreement. The removal from the Facilities of any Existing Facility Property pursuant to the provisions of the Installment Sale Agreement shall not entitle the Company to any abatement or reduction in the installment purchase payments and other amounts payable by the Company under the Installment Sale Agreement or under any other Project Document.

Lease and Sale of the Facilities (Section 4.1)

The Company has subleased the Facilities to the Agency pursuant to the Company Sublease. The Agency, pursuant to the Installment Sale Agreement, assigns, conveys, sells and transfers to the Company the Agency’s subleasehold interest in the Facilities (other than the Agency’s Reserved Rights), all for and during the term provided in the Installment Sale Agreement and upon and subject to the terms and conditions therein set forth. It is the intention of the Agency and the Company under the Installment Sale Agreement that the sale and assignment by the Agency thereunder of its subleasehold interest in the Facilities under the Company Sublease shall not result in a merger of the leasehold estates and interests of the Company and the Agency under and in the Company Sublease so as to effect a termination or any other impairment of the Company Sublease; and until the termination of the Company Sublease in accordance with its terms or the expiration of the Installment Sale Agreement, the Company Sublease shall continue in full force and effect to the same extent as if the Agency had not sold or assigned its subleasehold interest under the Company Sublease in the Facilities to the Company pursuant to the Installment Sale Agreement. The Agency, pursuant to the Installment Sale Agreement, delivers to the Company, and the Company accepts, sole and exclusive possession of the Facilities.

Duration of Term (Section 4.2)

The term of the Installment Sale Agreement shall commence on the Closing Date and, unless earlier terminated pursuant to the terms thereof, shall terminate on the earliest of: (i) 11:59 p.m. July 2, 2028 (New York City time); and (ii) the date on which the Bonds shall cease to be Outstanding under the Indenture.

Installment Purchase Payment Provisions; Pledge of Agreement (Section 4.3)

The Company covenants to make (or cause the Master Trustee to make in accordance with the Master Trust Indenture) installment purchase payments prior to 10:00 a.m. (New York City time) on each Installment Purchase Payment Date in amounts equal to the principal, Sinking Fund Installments, Redemption Price of, and interest on the Bonds next coming due, which installment purchase payments the Company agrees shall be paid in immediately available funds by the Company directly to the Trustee. If insufficient moneys are then on deposit in the Bond Fund (taking into account any amounts to be transferred to or credited to the Bond Fund pursuant to the Indenture) and available therefor, the Company shall, prior to 10:00 a.m. (New York City time) on such Installment Purchase Payment Date, pay (or cause the Master Trustee to pay in accordance with the Master Trust Indenture) to the Trustee for deposit in the Bond Fund the amount necessary (in immediately available funds, as necessary) for the payment of principal, Sinking Fund Installments, Redemption Price, if applicable, and interest next due on the Bonds. Upon receipt by the Company of notice from the Trustee pursuant to the Indenture that the amount on deposit in the Debt Service Reserve Fund shall be less than the Debt Service Reserve Fund Requirement, the Company shall pay (or cause the Master Trustee to pay in accordance with the Master Trust Indenture) to the Trustee for deposit in the Debt Service Reserve Fund in accordance with the requirements of the Master Trust Indenture. In the event the Company should fail to make or cause to be made any of the payments required under the foregoing, the item or installment not so paid shall continue as an obligation of the Company until the amount not so paid shall have been fully paid.

The Company has the option to make advance installment purchase payments for deposit in the Bond Fund to effect the retirement, defeasance or redemption of the Bonds in whole or in part, all in accordance with the terms of the Indenture; provided, however, that no partial redemption of the Bonds may be effected through advance installment purchase payments under the Installment Sale Agreement if there shall exist and be continuing an Event of Default. The Company shall exercise its option to make such advance installment purchase payments by delivering a written notice of the Group Representative to the Trustee in accordance with the Indenture, with a copy to the Agency, setting forth (i) the amount of the advance installment purchase payment, (ii) the principal amount of Bonds Outstanding and related maturities requested to be redeemed with such advance installment purchase payment (which principal amount shall be in such minimum amount or integral Authorized Denomination as shall be permitted in the Indenture), and (iii) the date on which such principal amount of Bonds are to be redeemed (which date shall be not earlier than thirty-five (35) days after the date of such notice). In the event the Company shall exercise its option to make advance installment purchase payments to effect the redemption in whole of the Bonds, and such redemption is expressly permitted under the Indenture as a result of a Loss Event, or changes in law, or executive or judicial action, the Company shall further deliver to the Agency and the Trustee a certificate of an Authorized Representative of the Company stating that, as a result of the occurrence of the event giving rise to such redemption, the Company has discontinued, or at the earliest practicable date will discontinue, its operation of the affected Facility or Facilities for its or their intended purposes. Such advance installment purchase payment shall be paid to the Trustee in legal tender, for deposit in the Redemption Account of the Bond Fund on or before the redemption date and shall be an amount which, when added to the amounts on deposit in the Bond Fund and available therefor, will be sufficient to pay the Redemption Price of the Bonds to be redeemed, together with interest to accrue to the date of redemption and all expenses of the Agency, the Trustee, the Bond Registrar and the Paying Agents in connection with such redemption. In the event the Bonds are to be redeemed in whole or otherwise retired, the Company shall further pay on or before such redemption date, in legal tender, to the Agency, the Trustee, the Bond Registrar and the Paying Agency all fees and expenses owed such party or any other party entitled thereto under the Installment Sale Agreement or the Indenture together with (i) all other amounts due and payable under the Installment Sale Agreement and the other Security Documents, and (ii) any amounts required to be rebated to the Federal government pursuant to the Indenture or the Tax Regulatory Agreement.

At its option, to be exercised on or before the forty-fifth (45th) day next preceding the date any Bonds of a Series are to be redeemed from mandatory Sinking Fund Installments, the Company may deliver to the Trustee Bonds of such Series which are subject to mandatory Sinking Fund Installment redemption in an aggregate principal amount not in excess of the principal amount of Bonds of such Series to be so redeemed on such date. Each such Bond so delivered shall be credited by the Trustee at one hundred percent (100%) of the principal amount thereof against the obligation of the Agency on such Sinking Fund Installment payment date and any excess over such Sinking Fund Installment shall be credited on future Sinking Fund Installments in direct chronological order, and the principal amount of Bonds to be redeemed by operation of the mandatory Sinking Fund Installments shall be accordingly reduced.

In the event Defaulted Interest shall become due on any Initial Bond, the Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on such Initial Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the Indenture), and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment.

No further installment purchase payments need be made to the Agency on account of the Bonds during the term of the Installment Sale Agreement when and so long as the amount of cash and/or Defeasance Collateral on deposit in the Bond Fund is sufficient to satisfy and discharge the obligations of the Agency under the Indenture and pay the Bonds as provided in the Indenture.

Any amounts remaining in the Earnings Fund, the Rebate Fund, the Bond Fund, the Debt Service Reserve Fund or the Project Fund upon the expiration or sooner termination of the term of the Installment Sale Agreement as provided in the Installment Sale Agreement, after payment in full of (i) the Bonds (in accordance with the Indenture), (ii) the fees, charges and expenses of the Agency, the Trustee, the Bond Registrar and the Paying Agents in accordance with the Indenture, (iii) all installment purchase payments and all other amounts payable under the Installment Sale Agreement, and after all amounts required to be rebated to the Federal government pursuant to the Tax Regulatory Agreement or the Indenture, and (iv) all amounts required to be paid under any Security Document, shall have been so paid, shall be paid to the Master Trustee for deposit to the Revenue Fund established under the Master Trust Indenture for application as revenues held in such Revenue Fund, and if the Master Trust Indenture is no longer in full force and effect, to or upon the direction of the Group Representative.

Notwithstanding anything in the foregoing to the contrary, if the amount on deposit and available in the Bond Fund is not sufficient to pay the principal of, Sinking Fund Installments for, redemption premium, if any, and interest on the Bonds when due (whether at maturity or by redemption or acceleration or otherwise as provided in the Indenture), the Company shall forthwith pay the amount of such deficiency in immediately available funds to the Trustee for deposit in the Bond Fund.

Installment Purchase Payments and Other Payments Payable Absolutely Net (Section 4.4)

The obligation of the Company to pay the installment purchase payments and other payments under the Installment Sale Agreement shall be absolutely net to the Agency and to the Trustee without any abatement, recoupment, diminution, reduction, deduction, counterclaim, set-off or offset whatsoever, so that the Installment Sale Agreement shall yield, net, to the Agency and to the Trustee, the installment purchase payments and other payments provided for in the Installment Sale Agreement, and all costs, expenses and charges of any kind and nature relating to the Facilities, arising or becoming due and payable during or after the term of the Installment Sale Agreement, shall be paid by the Company and the Indemnified Parties shall be indemnified by the Company for, and the Company shall hold the Indemnified Parties harmless from, any such costs, expenses and charges.

Nature of Company's Obligation Unconditional (Section 4.5)

The Company's obligation under the Installment Sale Agreement to pay the installment purchase payments and all other payments provided for in the Installment Sale Agreement shall be absolute, unconditional and a general obligation of the Company, irrespective of any defense or any rights of set-off, recoupment or counterclaim or deduction and without any rights of suspension, deferment, diminution or reduction it might otherwise have against the Agency, the Trustee, the Master Trustee, the Holder of any Bond or any other Person. The Company will not suspend or discontinue any such payment or terminate the Installment Sale Agreement (other than such termination as is provided for under the Installment Sale Agreement), or suspend the performance or observance of any covenant or agreement required on the part of the Company under the Installment Sale Agreement, for any cause whatsoever, and the Company waives all rights now or afterward conferred by statute or otherwise to quit, terminate, cancel or surrender the Installment Sale Agreement or any obligation of the Company under the Installment Sale Agreement except as provided in the Installment Sale Agreement or to any abatement, suspension, deferment, diminution or reduction in the installment purchase payments or other payments under the Installment Sale Agreement.

Advances by the Agency, the Master Trustee or the Trustee (Section 4.6)

In the event the Company fails to make any payment (or the Master Trustee fails to make such payment in accordance with the Master Trust Indenture) or to perform or to observe any obligation required of it under the Installment Sale Agreement, the Agency, the Master Trustee or the Trustee, after first notifying the Company in writing of any such failure on its part (except that no prior notification of the Company shall be required in the event of an emergency condition that, in the reasonable judgment of the Agency, the Master Trustee or the Trustee, necessitates immediate action), may (but shall not be obligated to), and without waiver of any of the rights of the Agency, the Master Trustee or the Trustee under the Installment Sale Agreement or any other Project Document to which the Agency, the Master Trustee or the Trustee is a party, make such payment or otherwise cure any failure by the Company to perform and to observe its other obligations under the Installment Sale Agreement. All amounts so advanced therefor by the Agency, the Master Trustee or the Trustee shall become an additional obligation of the Company to the Agency, the Master Trustee or the Trustee, as the case may be, which amounts, together with interest thereon at the rate of twelve percent (12%) per annum, compounded daily, from the date advanced, the Company will pay upon demand therefor by the Agency, the Master Trustee or the Trustee, as applicable. Any remedy under the Installment Sale Agreement vested in the Agency, the Master Trustee or the Trustee for the collection of the installment purchase payments or other payments or other amounts due thereunder shall also be available to the Agency, the Master Trustee or the Trustee, as applicable, for the collection of all such amounts so advanced.

Usury (Section 4.8)

Notwithstanding any provision of the Security Documents or Master Trust Documents to the contrary, it is agreed by and between the Agency and the Company that in no event (including without limitation the acceleration of maturity of the Bonds or the redemption of the Bonds pursuant to the Security Documents) shall the amount of installment purchase payments contracted for, charged, received, reserved or taken in connection with the installment purchase arrangements made under the Installment Sale Agreement, if and to the extent such payments (or a portion thereof) are treated as interest for purposes of State law, exceed the amount of interest which could have been contracted for, charged, reserved, received or taken at the Highest Lawful Rate. For purposes of this paragraph, to the maximum extent permitted by law, the rate of interest attributable to installment purchase payments shall be determined by: (i) spreading payments over the term of the Installment Sale Agreement; (ii) if appropriate, characterizing payments as a premium for the privilege of making an optional prepayment of an obligation; and (iii) giving effect to the provisions of any other Security Document which requires the

cancellation or refunding of Interest. Excess interest, if any after the application of the foregoing provisions, provided for in the Security Documents shall be cancelled automatically as of the date of such acceleration, redemption or purchase or, if theretofore paid, shall be credited to future installment purchase payments or if all installment purchase payments have been, or would thereby be, paid in full, refunded to the Company (provided, however, that, so long as the Master Trust Indenture remains in full force and effect, any refund shall be paid to the Master Trustee for deposit to the Revenue Fund for application as revenues in accordance with the Master Trust Indenture). However, in lieu of such cancellation or refund, the Trustee shall (if requested by the Holders of all of the Outstanding Bonds affected), to the extent permitted by applicable law, delay the date on which any payment is due under the Installment Sale Agreement or under any of the Security Documents until the earliest Business Day that will result in the payment of interest at a rate not in excess of the Highest Lawful Rate.

Additional Payments (Section 4.9)

The Company shall pay to the Agency or to the Trustee, as the case may be, “Additional Payments,” as follows:

(i) all taxes and assessments of any type or character charged to the Agency or to the Trustee affecting the amount available to the Agency or the Trustee from payments to be received under the Installment Sale Agreement or in any way arising due to the transactions contemplated thereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Trustee and taxes based upon or measured by the net income of the Trustee; provided, however, that the Company shall have the right to protest any such taxes or assessments and to require the Trustee, at the Company’s expense, to protest and contest any such taxes or assessments levied upon it and that the Company shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Agency or the Trustee; and

(ii) the reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Agency, the Master Trustee or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under the Installment Sale Agreement, the other Security Documents or the Master Trust Documents, including, but not limited to, any audit or inquiry by the Internal Revenue Service or any other governmental body.

Damage, Destruction and Condemnation (Section 6.1)

In the event of a Damage Event or a Condemnation Event: (i) the Agency shall have no obligation to rebuild, replace, repair or restore the affected Facility, (ii) there shall be no abatement, postponement or reduction in the installment purchase payments or other amounts payable by the Company under the Installment Sale Agreement or any other Security Document or Master Trust Document to which it is a party, and the Company waives the provisions of Section 227 of the New York Real Property Law or any law of like import now or afterward in effect, and (iii) the Company will promptly give written notice of such Loss Event to the Agency, the Master Trustee and the Trustee, generally describing the nature and extent thereof.

Net Proceeds (Section 6.2)

The Agency, the Trustee, the Master Trustee and the Company shall cooperate and consult with each other in all matters pertaining to the settlement, compromise, arbitration or adjustment of any claim

or demand on account of any Damage Event or Condemnation Event, and the settlement, compromise, arbitration or adjustment of any such claim or demand shall, as between the Agency and the Company, be subject to the written approval of the Company, the Master Trustee and the Trustee (such approvals not to be unreasonably withheld). The Net Proceeds (as defined in the Master Trust Indenture) with respect to the affected Facility shall be paid to the Master Trustee and applied in accordance with the Master Trust Indenture.

Election to Rebuild or Terminate (Section 6.3)

Upon the occurrence of a Damage Event or Condemnation Event, as applicable, affecting a Facility with respect to which the Company shall be obligated under the related Ground Lease to rebuild, replace, repair or restore the affected Facility, the Company shall at its own cost and expense (except to the extent paid from the Net Proceeds (as defined in the Master Trust Indenture)), promptly and diligently rebuild, replace, repair or restore the affected Facility, in accordance with the Master Trust Documents, the related Ground Lease and Facility Leases, to substantially its condition immediately prior to the Damage Event or Condemnation Event, as applicable, or to a condition of at least equivalent value, operating efficiency and function, consistent with the Act and not such as to change the nature of the affected Facility so that it would not constitute a qualified “project” under the Act or an exempt “airport facility” within the meaning of Section 142(a)(1) of the Code, regardless of whether or not the Net Proceeds derived from the Damage Event or Condemnation Event, as applicable, shall be sufficient to pay the cost thereof, and the Company shall not by reason of payment of any such excess costs be entitled to any reimbursement from the Agency, the Trustee, the Master Trustee or any Bondholder, nor shall the installment purchase payments or other amounts payable by the Company under the Installment Sale Agreement be abated, postponed or reduced.

Upon the occurrence of a Damage Event or Condemnation Event, as applicable, affecting a Facility with respect to which the Company (y) shall not be obligated under the related Ground Lease to rebuild, replace, repair or restore the affected Facility, and (z) shall not elect to rebuild, replace, repair or restore the affected Facility, the Company shall effect the redemption (A) in part of the Bonds on the redemption date as so determined in accordance with the Master Trust Indenture but not later than one hundred and twenty (120) days following the receipt by the Master Trustee of the Net Proceeds (as defined in the Master Trust Indenture) resulting from such Damage Event or Condemnation Event, as applicable, to the nearest Authorized Denomination to the extent of such Net Proceeds, or (B) in whole of the Bonds if the affected Facility shall be the remaining Facility, on the redemption date as so determined in accordance with the Master Trust Indenture but not later than one hundred and eighty (180) days following the Damage Event or Condemnation Event, as applicable. If the Bonds are to be redeemed in whole, the Company shall exercise its option to redeem the Bonds in whole, and the amount of the Net Proceeds so recovered shall be transferred by the Master Trustee to the Trustee and deposited to the Redemption Account of the Bond Fund, and the Company shall thereupon pay to the Trustee an amount which, when added to any amounts then in the Bond Fund and available for that purpose, shall be sufficient to retire and redeem the Bonds in whole at the earliest possible date (including, without limitation, principal and interest to the maturity or redemption date and redemption premium, if any), and to pay the fees and expenses of the Agency, the Bond Registrar, the Trustee and the Paying Agents, together with all other amounts due under the Indenture and under the other Security Documents, and any amounts required to be rebated to the Federal government pursuant to the Indenture or the Tax Regulatory Agreement, and such amount shall be applied, together with such other available moneys in the Bond Fund, to such redemption or retirement of the Bonds on said redemption or maturity date.

In the event the Company shall be obligated under the related Ground Lease to rebuild, replace, repair or restore the affected Facility and shall fail to do so, for purposes of the related Ground Lease, the Master Trustee shall be deemed obligated to so rebuild, replace, repair or restore such Facility and thereby

request the Port Authority to disburse the Net Proceeds (as defined in the Master Trust Indenture) for purposes thereof.

All such rebuilding, replacements, repairs, restorations or substitutions shall

(i) automatically be deemed a part of the Facilities and be made subject to the Installment Sale Agreement and the Company Sublease and the lien of the Mortgage,

(ii) not change the nature of either or both of the Facilities as a qualified “project” as defined in and as contemplated by the Act, nor change the nature of either or both of the Facilities so that it would not constitute an exempt “airport facility” within the meaning of Section 142(a)(1) of the Code, and

(iii) be effected with due diligence in a good and workmanlike manner, in compliance with the Ground Leases and all applicable Legal Requirements and be promptly and fully paid for by the Company in accordance with the terms of the applicable contract(s) therefor.

Liability Insurance (Section 8.1)

The Company is obligated under the Installment Sale Agreement to obtain and maintain liability insurance in the aggregate amount of \$100,000,000 per occurrence, together with additional insurance covering Baggage Legal Liability, Cargo Legal Liability, Warehousemen’s Legal Liability, Fire Legal Liability and auto liability insurance.

Indemnity (Section 8.2)

The Company shall at all times indemnify, defend, protect and hold the Agency, the Trustee, the Bond Registrar and the Paying Agent, and any director, member, officer, employee, servant, agent (excluding for this purpose the Company, which is not obligated hereby to indemnify its own employees, Affiliates or affiliated individuals) thereof and persons under the Agency’s control or supervision (collectively, the “Indemnified Parties” and each an “Indemnified Party”) harmless of, from and against any and all claims (whether in tort, contract or otherwise), taxes (of any kind and by whomsoever imposed), demands, penalties, fines, liabilities, lawsuits, actions, proceedings, settlements, costs and expenses, including attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses (collectively, “Claims”) of any kind for losses, damage, injury and liability (collectively, “Liability”) of every kind and nature and however caused (except, with respect to any Indemnified Party, Liability arising from the gross negligence or willful misconduct of such Indemnified Party), arising during the period commencing on the Indemnification Commencement Date, and continuing throughout the term of the Installment Sale Agreement, arising upon, about, or in any way connected with either or both the Facilities, the Project, or any of the transactions with respect thereto, including:

(i) the financing or refinancing of the costs of the Facilities or the Project and the marketing, offering, issuance, sale and remarketing of the Bonds for such purpose,

(ii) the effecting of any work done in or about either or both of the Facilities, or any defects (whether latent or patent) in either or both of the Facilities,

(iii) the maintenance, repair, replacement, restoration, rebuilding, construction, renovation, upkeep, use, occupancy, ownership, leasing, subletting or operation of either or both of the Facilities or any portion of either thereof,

(iv) the execution and delivery by an Indemnified Party, the Company or any other Person of, or performance by an Indemnified Party, the Company or any other Person, as the case may be, of, any of their respective obligations under, the Installment Agreement or any other Project Document, or other document or instrument delivered in connection therewith or the enforcement of any of the terms or provisions thereof or the transactions contemplated thereby,

(v) any damage or injury to the person or property of any Person in or on the premises of either or both of the Facilities,

(vi) any imposition arising from, burden imposed by, violation of, or failure to comply with any Legal Requirement, including failure to comply with the requirements of the City's zoning resolution and related regulations, or

(vii) the presence, disposal, release, or threatened release of any Hazardous Substances that are on, from, or affecting either or both of the Facilities; any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Substances; any lawsuit brought or threatened, settlement reached, or government order relating to such Hazardous Substances, and/or any violation of Legal Requirements, including demands of government authorities, or any policies or requirements of the Agency, which are based upon or in any way related to such Hazardous Substances.

Assignment or Sublease (Section 8.9)

The Company shall not at any time assign or transfer the Installment Sale Agreement, or sublet all or substantially all of either or both of the Facilities, without, except as provided below, the prior written consents of the Agency, the Master Trustee and the Trustee (which consents may be unreasonably withheld); provided further, that (y) no consents of the Agency, the Master Trustee or the Trustee shall be required for New Facility Leases entered into in accordance with the Installment Sale Agreement, and (z) the following conditions shall apply:

(1) The Company shall not sublet nor permit to be sublet all or substantially all of either or both of the Facilities, except pursuant to Existing Facility Leases or New Facility Leases entered into pursuant to the Installment Sale Agreement (in each case to Facility Tenants who shall be conducting air cargo and aviation support activities at either or both of the Facilities) without the prior written consents of the Agency, the Master Trustee and the Trustee (which consents may be unreasonably withheld).

(2) No consent of the Agency, the Master Trustee or the Trustee shall be required for any assignment or transfer of the Installment Sale Agreement by operation of, and effected in accordance with the requirements of, the restrictions on dissolution and merger contained in the Installment Sale Agreement.

(3) No consent of the Agency, the Master Trustee or the Trustee shall be required for any assignment or transfer of the Installment Sale Agreement to a Person who shall be an Affiliate of the Company, provided, however, that such assignment or transfer complies with the conditions therefor set forth in the Master Trust Indenture.

(4) Except as provided in paragraph (2) or (3) above, any assignment or transfer of the Installment Sale Agreement shall require the prior written consents of the Agency, the Master Trustee and the Trustee (which consents may be unreasonably withheld).

(5) With respect to any subletting in whole or in part of either or both of the Facilities, the Company shall nevertheless remain liable to the Agency for the payment of all installment purchase payments and for the full performance of all of the terms, covenants and conditions of the Installment Sale Agreement and of any other Project Document to which it shall be a party.

(6) With respect to any assignment or transfer of the Installment Sale Agreement for which no consents of the Agency, the Master Trustee and the Trustee shall be required as above provided, or for which consents of the Agency, the Master Trustee and the Trustee shall be both required and have been given, such assignee or transferee of the Company shall assume in writing in recordable form and agree to keep and perform all of the terms of such assumption on the part of the Company to be kept and performed from the date of original execution and delivery of such assumption.

(7) Any assignee, transferee or sublessee shall be subject to service of process in the State and qualified to do business in the State.

(8) Any assignee, transferee or sublessee shall utilize the Facility or Facilities, as the case may be, as a qualified "project" within the meaning of the Act, and as an exempt "airport facility" within the meaning of Section 142(a)(1) of the Code.

In addition to the conditions set forth above for any assignment or transfer of the Installment Sale Agreement, or any subletting in whole or in part of either or both of the Facilities (other than a New Facility Lease entered into in accordance with the Installment Sale Agreement), the following conditions, as applicable, shall also apply:

(i) there shall be delivered to the Agency and the Trustee: (x) except as provided in paragraphs (2), (3), (4) or (6) above, an Opinion of Counsel to the Company to the effect that the Installment Sale Agreement and each other Project Document to which the Company is a party continues in full force and effect as the legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, (y) a Favorable Opinion of Bond Counsel, and (z) an Opinion of Counsel to the assignee or transferee of the Installment Sale Agreement to the effect that such Person has duly and validly assumed all obligations of the Company under the Installment Sale Agreement and each other Project Document to which the Company is a party and that the Installment Sale Agreement and each other Project Document to which the Company is a party as so assumed constitutes the valid and binding obligation of such Person enforceable against such Person in accordance with its terms;

(ii) there shall be delivered to the Agency the Required Disclosure Statement from the assignee, transferee or sublessee in form and substance satisfactory to the Agency;

(iii) any assignment, transfer or sublease shall not violate any provision of either of the Ground Leases, any of the Facility Leases, the Company Sublease, the Installment Sale Agreement, the Project Mortgage or any other Project Document;

(iv) such assignment, transfer or sublease shall in no way diminish or impair the Company's obligation to carry the liability insurance required under the Installment Sale Agreement, under the Master Trust Indenture or under the respective Ground Leases, and the Company shall furnish to the Agency, the Master Trustee and the Trustee a certificate of an Independent Insurance Consultant to the effect that such insurance coverage under the Installment Sale Agreement, the Master Trust Indenture and the Ground Leases shall in no manner be limited by reason of such assignment, transfer or sublease;

(v) in the case of any subletting in whole or substantially in whole of either or both of the Facilities, or any assignment or transfer of the Installment Sale Agreement, there shall have been delivered to the Trustee and the Master Trustee a Rating Confirmation Notice; and

(vi) at least ten (10) Business Days prior to the execution of any proposed assignment, transfer or sublease, the Company shall furnish to the Agency, the Master Trustee and the Trustee a substantially final draft of same, and, after execution thereof, shall then furnish a copy of such executed document.

Any consent by the Agency, the Master Trustee or the Trustee to any act of assignment, transfer or sublease shall be held to apply only to the specific transaction thereby authorized. Such consent shall not be construed as a waiver of the duty of the Company, or the successors or assigns of the Company, to obtain from the Agency, the Master Trustee and the Trustee, to the extent required under the Installment Sale Agreement, consent to any other or subsequent assignment, transfer or sublease, or as modifying or limiting the rights of the Agency, the Master Trustee or the Trustee under the foregoing covenant by the Company.

Any license or other right of possession or occupancy granted by the Company with respect to a Facility having the same substantive characteristics as a lease shall be deemed a lease subject to the provisions of the Installment Sale Agreement.

The Company shall not execute, nor suffer to be executed, a New Facility Lease with, or an assignment of a Facility Lease to, a Proposed Facility Tenant, unless the Company shall deliver to the Agency, the Master Trustee and the Trustee prior to such execution, the following:

(i) a substantially final draft of the proposed New Facility Lease (which shall be delivered at least ten (10) days prior to its execution) which New Facility Lease shall include, among other provisions,

(A) a covenant for the benefit of the Agency to defend, indemnify and hold harmless the Agency, including its members, directors, officers, agents and employees, from and against any and all losses, claims, suits, damages, costs, expenses and liabilities arising from or attributable to any act or omission of the Proposed Facility Tenant or its employees or agents in the use or occupancy of the leased premises, and extending all indemnifications conferred upon the Company to each of the Agency, the Master Trustee and the Trustee and their respective members, directors, officers, employees, agents and servants,

(B) provision for comprehensive general liability insurance with a recognized insurance company licensed to do business in the State of New York, as specified in the Installment Sale Agreement, to insure the Agency, the Master Trustee and the Trustee against any such claims, demands, losses, damages, liabilities and expenses,

(C) an agreement by the Proposed Facility Tenant for the benefit of the Agency that the comprehensive general liability insurance shall, among other things, contain coverage for contractual liability, premises operations, and products and completed operations; name the Agency as an additional insured,

(D) provision for comprehensive automobile liability insurance as specified in the Installment Sale Agreement to insure the Agency, the Master Trustee and the Trustee with respect to the matters specified in the Installment Sale Agreement,

(E) a limitation on the liability of the landlord under the New Facility Lease as specified in the Installment Sale Agreement, and

(F) a covenant for the benefit of the Company and the Agency to the effect that the Proposed Facility Tenant agrees to provide to the Company and the Agency upon request information regarding the Proposed Facility Tenant's employment at the leased premises, including the then-current New York State Department of Labor's Form NYS-45, as well as the Agency's employment and benefits report form for subtenants;

(ii) a completed VENDEX questionnaire (or such successor questionnaire as may then be utilized by the Agency), satisfactory to the Agency;

(iii) a Favorable Opinion of Bond Counsel; provided, however, that no Favorable Opinion of Bond Counsel shall be required to be delivered with respect to one or more Minor New Facility Leases: (A) which in the aggregate encompass no more than 10,000 rentable square feet of the Tract 8 Facility, and (B) for activities directly related to the cargo handling functions at the Tract 8 Facility (including, without limitations, cargo expediting, related paperwork processing and issuance of air bills), if the Company shall deliver to the Trustee and the Master Trustee a certificate of an Authorized Representative of the Company to the effect that such Minor New Facility Lease(s) satisfies the conditions set forth in clauses (A) and (B) of this paragraph (iii);

(iv) to the extent required under the related Ground Lease, the approval by the Port Authority;

(v) an executed Tenant Certificate and Agreement;

(vi) a certificate of an Authorized Representative of the Company to the effect that the terms, rentals, payments, conditions, provisions and agreements reflected in the New Facility Lease were negotiated on a good faith, arms'-length, commercial basis, and the rentals to be paid thereunder by the Proposed Facility Tenant are not less than applicable fair market value rentals for the premises subject thereto;

(vii) a Conduct Representation to the Agency from the Proposed Facility Tenant, together with a further representation to the Agency to the effect that there shall not occur the removal of any facility or plant of the Company or any other occupant or user of either of the Facilities (including any Facility Tenant) from one area of the State outside of the City to within the City or in the abandonment of one or more facilities or plants of the Company or any other occupant or user of either of the Facilities (including any Facility Tenant) located within the State, but outside of the City; and

(viii) a certificate of an Authorized Representative of the Company to the effect that (y) the intended use of the portion of the Facilities by the Proposed Facility Tenant would constitute a qualified "project" under the Act, and a qualified exempt "airport facility" within the meaning of Section 142(a)(1) of the Code, and (z) all conditions set forth in the Installment Sale Agreement to the execution of the New Facility Lease have either been met or expressly waived by the Agency, the Master Trustee and the Trustee.

The Agency, the Master Trustee and the Trustee may, jointly and not severally, within their sole and absolute discretion, waive any and all of the above conditions. Promptly upon the execution thereof, the Company shall furnish certified copies of the New Facility Lease to the Agency, the Master Trustee and the Trustee.

Retention of Title to or of Interest in Facilities (Section 8.10)

Neither the Company nor the Agency shall sell, assign, encumber (other than Permitted Encumbrances or Permitted Liens, each as defined in the Master Trust Indenture), convey or otherwise dispose of its respective interest in the Facilities, including the Improvements, or any part of the Facilities or interest therein during the term of the Installment Sale Agreement, except as set forth in the Installment Sale Agreement, except in accordance with the Master Trust Indenture, and any purported disposition without such consents shall be void.

Discharge of Liens (Section 8.11)

If any Lien, encumbrance or charge is filed or asserted (including any Lien for the performance of any labor or services or the furnishing of materials), or any judgment, decree, order, levy or process of any court or governmental body is entered, made or issued or any claim, whether or not valid, is made against either or both of the Facilities or against any of the installment purchase payments or other payments payable under the Installment Sale Agreement or the interest of the Agency or the Company under the Company Sublease or under the Installment Sale Agreement, other than Liens for Impositions not yet payable, Permitted Encumbrances, Permitted Liens (each as defined in the Master Trust Indenture), or Liens being contested as permitted by the following paragraph, the Company forthwith upon receipt of notice of the filing, assertion, entry or issuance of such Lien (regardless of the source of such notice) shall give written notice thereof to the Agency, the Master Trustee and the Trustee and take all action (including the payment of money and/or the securing of a bond) at its own cost and expense as may be necessary or appropriate to obtain the discharge in full thereof and to remove or nullify the basis therefor. Nothing contained in the Installment Sale Agreement shall be construed as constituting the express or implied consent to or permission of the Agency for the performance of any labor or services or the furnishing of any materials that would give rise to any Lien against the Agency's interest in the Facilities.

The Company may at its sole cost and expense contest (after prior written notice to the Agency, the Master Trustee and the Trustee), by appropriate action conducted in good faith and with due diligence, the amount or validity or application, in whole or in part, of any Lien, if (i) such proceeding shall suspend the execution or enforcement of such Lien against either or both of the Facilities or the interest of the Company or the Agency in the Company Sublease or in the Installment Sale Agreement, or against any of the installment purchase payments or other amounts payable under the Company Sublease or under the Installment Sale Agreement, (ii) neither of the Facilities nor any part of either thereof or interest therein would be in any danger of being sold, forfeited or lost, (iii) neither the Company, the Agency, the Master Trustee nor the Trustee would be in any danger of any civil or any criminal liability, other than normal accrual of interest, for failure to comply therewith, and (iv) the Company shall have furnished such security, if any, as may be required in such proceedings or as may be reasonably requested by the Agency, the Master Trustee or the Trustee to protect the security intended to be offered by the Security Documents and the Master Trust Documents.

No Further Encumbrances Permitted (Section 8.13)

The Company shall not create, permit or suffer to exist any mortgage, encumbrance, lien, security interest, claim or charge against either or both of the Facilities or any part of either thereof, or the interest of the Agency or the Company in either or both of the Facilities or the Company Sublease or the Installment Sale Agreement, except for Permitted Encumbrances and Permitted Liens (each as defined in the Master Trust Indenture).

Taxes, Assessments and Charges (Section 8.17)

The Company shall pay when the same shall become due all Impositions (*i.e.*, all taxes and assessments, general and specific, if any, levied and assessed upon or against either or both of the Facilities, the Company Sublease, the Installment Sale Agreement, any ownership estate or interest of the Agency or the Company in either or both of the Facilities, or the installment purchase payments or other payments or other amounts payable under the Installment Sale Agreement during the term thereof, and all water and sewer charges, special district charges, assessments and other governmental charges and impositions whatsoever, foreseen or unforeseen, ordinary or extraordinary, under any present or future law, and charges for public or private utilities or other charges incurred in the occupancy, use, operation, maintenance or upkeep of the Facilities). The Company may pay any Imposition in installments if so payable by law, whether or not interest accrues on the unpaid balance. In the event the Facilities are exempt from Impositions solely due to the Agency's interest in the Facilities, the Company shall pay all Impositions to the appropriate taxing authorities equivalent to the Impositions that would have been imposed on the Facilities if the Agency had no interest in the Facilities.

The Company may at its sole cost and expense contest (after prior written notice to the Agency, the Master Trustee and the Trustee), by appropriate action conducted in good faith and with due diligence, the amount or validity or application, in whole or in part, of any Imposition, if (i) such proceeding shall suspend the execution or enforcement of such Imposition against the Facilities or any part of either thereof or interest therein, or in the Company Sublease or in the Installment Sale Agreement, of the Agency or the Company or against any of the installment purchase payments or other amounts payable under the Installment Sale Agreement, (ii) neither of the Facilities nor any part of either thereof or interest therein would be in any danger of being sold, forfeited or lost, (iii) neither the Company, the Agency, the Master Trustee nor the Trustee would be in any danger of any civil or any criminal liability, other than normal accrual of interest, for failure to comply therewith, and (iv) the Company shall have furnished such security, if any, as may be required in such proceedings or as may be reasonably requested by the Agency, the Master Trustee or the Trustee to protect the security intended to be offered by the Security Documents and the Master Trust Documents.

Compliance with Legal Requirements (Section 8.18)

The Company shall not occupy, use or operate the Facilities, or allow the Facilities or any part thereof to be occupied, used or operated, for any unlawful purpose or in violation of any certificate of occupancy affecting either or both of the Facilities or for any use which may constitute a nuisance, public or private, or make void or voidable any insurance then in force with respect thereto.

Throughout the term of the Installment Sale Agreement and at its sole cost and expense, the Company shall promptly observe and comply with all applicable Legal Requirements, whether foreseen or unforeseen, ordinary or extraordinary, that shall be binding upon or applicable to the Company, the Facilities, any Facility Tenant or other occupant, user or operator of either or both the Facilities or any portion of either thereof, and will observe and comply with all conditions, requirements, and schedules necessary to preserve and extend all rights, licenses, permits (including zoning variances, special exception and non conforming uses), privileges, franchises and concessions. The Company will not, without the prior written consent of the Agency, the Master Trustee and the Trustee (which consents shall not be unreasonably withheld or delayed), initiate, join in or consent to any private restrictive covenant, zoning ordinance or other public or private restrictions limiting or defining the uses that may be made of either or both of the Facilities or any part of either thereof.

The Company may at its sole cost and expense contest in good faith the validity, existence or applicability of any of the matters described in the immediately preceding paragraph if (i) such contest shall not result in either or both of the Facilities or any part of either thereof or interest therein being in

any danger of being sold, forfeited or lost, (ii) such contest shall not result in the Company, the Agency, the Trustee or the Master Trustee being in any danger of any civil or any criminal liability for failure to comply therewith, and (iii) the Company shall have furnished such security, if any, as may be reasonably requested by the Agency, the Master Trustee or the Trustee to protect the security intended to be offered by the Security Documents and the Master Trust Documents for failure to comply therewith.

Operation as Approved Facilities and as a "Project" (Section 8.19)

The Company will not take any action, or suffer or permit any action, if such action would cause the Facilities not to be the Approved Facilities or a qualified "project" within the meaning of the Act or an exempt "airport facility" within the meaning of Section 142(a)(1) of the Code. The Company will not fail to take any action, or suffer or permit the failure to take any action, if such failure would cause the Facilities not to be the Approved Facilities or a qualified "project" within the meaning of the Act.

The Company will permit the Trustee and the Master Trustee and their respective duly authorized agents, at all reasonable times upon written notice to enter upon the Facilities and to examine and inspect the Facilities and exercise their rights under the Installment Sale Agreement, under the Indenture and under the other Security Documents and under the Master Trust Documents with respect to the Facilities. The Company will further permit the Agency, or its duly authorized agent, upon reasonable notice, at all reasonable times, to enter the Facilities, but solely for the purpose of assuring that the Company is operating the Facilities, or is causing the Facilities to be operated, as the Approved Facilities and a qualified "project" within the meaning of the Act consistent with the Approved Project Operations and with the public purposes of the Agency.

Restrictions on Dissolution and Merger (Section 8.20)

The Company covenants and agrees that at all times during the term of the Installment Sale Agreement, it will (i) maintain its existence as a limited liability company, (ii) continue to be subject to service of process in the State, (iii) continue to be organized under the laws of, or qualified to do business in, the State, (iv) not Transfer all or substantially all of its property, business or assets remaining after the Closing Date, except as permitted in the next paragraph, (v) not Merge, except as permitted in the next paragraph, and (vi) not change or permit the change of any Principal of the Company, or a change in the relative Control of the Company of any of the existing Principals, except in each case as permitted in the next paragraph.

Notwithstanding the above, the Company may Merge or participate in a Transfer if the following conditions are satisfied on or prior to the Merger or Transfer, as applicable: (i) when the Company is the surviving, resulting or transferee Entity, (a) the Company shall satisfy the requirements therefor set forth in the Master Trust Indenture, (b) the Company shall deliver to the Agency and the Trustee a Favorable Opinion of Bond Counsel, and (c) the Company shall deliver to the Agency a Required Disclosure Statement with respect to itself as surviving Entity in form and substance satisfactory to the Agency; or (ii) when the Company is not the Successor Company, (a) the Successor Company shall satisfy the requirements therefor set forth in the Master Trust Indenture, (b) the Successor Company shall be solvent and subject to service of process in the State and organized under the laws of the State, or under the laws of any other state of the United States and duly qualified to do business in the State, (c) the Successor Company shall have assumed in writing all of the obligations of the Predecessor Company contained in the Installment Sale Agreement and in all other Project Documents to which the Predecessor Company shall have been a party, (d) the Successor Company shall have delivered to the Agency a Required Disclosure Statement in form and substance acceptable to the Agency acting in its sole discretion, (e) each Principal of the Successor Company shall have delivered to the Agency a Required Disclosure Statement in form and substance acceptable to the Agency acting in its sole discretion, (f) the Successor Company shall have delivered to the Agency and the Trustee, in form and substance acceptable to the

Agency and the Trustee, an Opinion of Counsel to the effect that (y) the Installment Sale Agreement and all other Project Documents to which the Predecessor Company shall be a party constitute the legal, valid and binding obligations of the Successor Company and each is enforceable in accordance with their respective terms to the same extent as it was enforceable against the Predecessor Company, and (z) such action does not legally impair the security for the Holders of the Bonds afforded by the Security Documents and the Master Trust Documents, and (g) the Successor Company delivers to the Agency and the Trustee a Favorable Opinion of Bond Counsel.

If there is a change in Principals of the Company, or a change in the Control of the Company, the Company shall deliver to the Agency prompt written notice thereof to the Agency together with a Required Disclosure Statement in form and substance acceptable to the Agency acting in its sole discretion.

Tax Regulatory Agreement (Section 8.23)

The Company shall comply with all of the terms, provisions and conditions set forth in the Tax Regulatory Agreement, including, without limitation, the making of any payments and filings required thereunder. Promptly following receipt of notice from the Master Trustee as provided in the Master Trust Indenture and the Tax Regulatory Agreement that the amount on deposit in the allocable account in the Rebate Fund is less than the Rebate Amount (as defined in the Tax Regulatory Agreement), the Company shall deliver the amount necessary to make up such deficiency to the Master Trustee for deposit in the allocable account of the Rebate Fund. The Company further agrees to pay or cause to be paid all amounts payable by it in connection with compliance with Section 148 of the Code, including any expenses of the Agency incurred in connection with rebate compliance pursuant to the Tax Regulatory Agreement, the Indenture and the Master Trust Indenture at the time and in the manner therein provided.

The Company will make such use of the proceeds of the Initial Bonds and all other funds held by the Trustee under the Indenture or otherwise allocable to the Initial Bonds, restrict the investment of such proceeds and other funds, and take such other and further action as may be required so that the Initial Bonds will not constitute “arbitrage bonds” under Section 148(a) of the Code and the regulations. In particular, but without limitation, the Company agrees to instruct the Trustee with respect to investments in accordance with the Indenture. The Company agrees to pay all of the fees and expenses of a nationally recognized bond counsel, a certified public accountant and any other necessary consultant employed by the Company, the Agency or the Master Trustee in connection with any of the requirements imposed by the Indenture.

The Company agrees to comply with the requirements of Section 148 of the Code as provided in the Master Trust Indenture. The Company further agrees to provide to the Trustee and the Master Trustee, at such time as required by the Trustee or the Master Trustee and as otherwise required by the Master Trust Indenture and the Tax Regulatory Agreement, all information reasonably required by the Trustee or the Master Trustee with respect to Nonpurpose Investments (as defined in the Tax Regulatory Agreement) held under the Indenture or otherwise.

The Company represents, warrants, covenants and agrees that the average maturity of the Initial Bonds, taking into account the issue price of the various maturities of the Initial Bonds, will not exceed 120 percent of the reasonably expected economic life of the Facilities, taking into account the respective cost of each item composing the Facilities. For purposes of the preceding sentence, the reasonably expected economic life of the Facilities shall be determined as the date on which the Facilities were placed in service. In addition, land shall not be taken into account in determining the reasonably expected economic life of the Facilities. The Company covenants and agrees not to take any action, or knowingly omit to take any action within its control, that, if taken or omitted, respectively, would cause the Initial Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code and applicable

regulations thereunder, except as permitted by section 149(b)(3) of the Code and such regulations. The Company elects pursuant to the Installment Sale Agreement not to claim depreciation or an investment credit for federal income tax purposes with respect to any portion of the Facilities (or any other property financed with the proceeds of the Series 2001A Bonds). The Company will take all actions necessary to make this election binding on all its successors in interest under the Ground Leases. This election shall be irrevocable. Furthermore, the Company covenants that no portion of the Facilities (or any other property financed with the proceeds of the Series 2001A Bonds) which is subject to the Mortgage will be removed by the Company upon the termination of either or both of the Ground Leases.

Compliance with the Indenture and the Master Trust Indenture (Section 8.24)

The Company will comply with the provisions of the Indenture with respect to the Company. The Trustee shall have the power, authority, rights and protections provided in the Indenture. The Company will use its best efforts to cause there to be obtained for the Agency any documents or opinions of counsel required of the Agency under the Indenture. The Company further agrees to fund, replenish and maintain all amounts required to be funded, replenished and maintained in the Funds and Accounts established in and as required by the Indenture. The Company covenants and agrees that, during the term of the Installment Sale Agreement, it will at all times comply in all material respects with the requirements of the Master Trust Indenture.

Reporting Information for the Trustee (Section 8.25)

The Company shall furnish or cause to be furnished the financial reports required by the Master Trust Indenture to the Trustee. The Company shall deliver to the Trustee with each delivery of the annual financial reports required by the Installment Sale Agreement, (i) a certificate of an Authorized Representative of the Company as to whether or not, as of the close of the preceding Fiscal Year (as defined in the Master Trust Indenture), and at all times during such Fiscal Year, the Company was in compliance with all the provisions which relate to the Company in the Installment Sale Agreement and in any other Project Document to which it shall be a party, and as to whether or not a Determination of Taxability has occurred, and if such Authorized Representative shall have obtained knowledge of any default in such compliance or notice of such default or Determination of Taxability, he shall disclose in such certificate such default or defaults or notice thereof and the nature thereof, whether or not the same shall constitute an Event of Default under the Installment Sale Agreement, and any action proposed to be taken by the Company with respect thereto, and (ii) a certificate of an Authorized Representative of the Company that the insurance it maintains complies with the provisions of the Ground Leases, the Master Trust Indenture and the Installment Sale Agreement, that such insurance has been in full force and effect at all times during the preceding Fiscal Year (as defined in the Master Trust Indenture), and that duplicate copies of all policies or certificates thereof have been filed with the Agency and the Trustee and are in full force and effect. In addition, upon twenty (20) days prior request by the Trustee, the Company will execute, acknowledge and deliver to the Agency and the Trustee a certificate of an Authorized Representative of the Company either stating that to the knowledge of such Authorized Representative after due inquiry no default or breach exists under the Installment Sale Agreement or specifying each such default or breach of which such Authorized Representative has knowledge.

The Company shall immediately notify the Trustee of the occurrence of any Event of Default or any event which with notice and/or lapse of time would constitute an Event of Default under any Project Document.

Contracts with Affiliates (Section 8.26)

The Company shall not enter into any contract or transaction with any Affiliate of the Company, including, without limitation, any Facility Lease, except upon such terms as are customarily acceptable to a bona fide third party in an arms'-length transaction.

Business of Company (Section 8.27)

The Company shall engage in no business or enterprise other than (i) the leasing, operation, maintenance, repair, restoration, improvement and management of the Facilities, (ii) the performance of its obligations under the Ground Leases and all other Project Documents to which it is a party, and all other agreements relating to the Facilities and their financing, leasing, maintenance and operation, and (iii) activities in furtherance thereof or ancillary or reasonably related thereto.

No Material Impairment of Value (Section 8.29)

The Company shall not take any action that would have a Material Adverse Effect (as defined in the Master Trust Indenture) upon the value or utility of the Facilities as intended for the purposes of the Installment Sale Agreement or the Gross Revenues to be derived from the operation of the Facilities.

Certain Covenants with Respect to the Ground Leases (Section 8.30)

The Company shall not enter into a Ground Lease Modification (as defined in the Master Trust Indenture) except to the extent permitted under the Master Trust Indenture. At least ten (10) days prior to the execution by the Company of any such Ground Lease Modification, the Company shall deliver a copy of same in substantially final form to each of the Agency, the Master Trustee and the Trustee. Promptly upon the execution thereof, the Company shall furnish certified copies of such Ground Lease Modification to the Agency, the Master Trustee and the Trustee. The Company shall immediately transmit to each of the Agency, the Master Trustee and the Trustee (y) notice of any default by the Company under either of the Ground Leases including a full description of the nature of the default and the amount or act necessary to cure the same, and (z) copies of any termination or default notice it shall receive or deliver under either of the Ground Leases.

Certain Covenants with Respect to the Facility Leases (Section 8.31)

At least ten (10) days prior to the execution by the Company of any amendment, supplement or modification to any of the Facility Leases, the Company shall deliver a copy of same in substantially final form to each of the Agency, the Master Trustee and the Trustee. Promptly upon the execution thereof, the Company shall furnish certified copies of such amendment, supplement or modification to the Agency, the Master Trustee and the Trustee. The Company shall immediately transmit to each of the Agency, the Master Trustee and the Trustee copies of any termination or default notice it shall receive or deliver under any Facility Lease.

Obligation to Maximize Use of Facilities; Permitted Indebtedness; Sale or other Disposition of Facilities (Sections 8.34, 8.35 and 8.36)

The Company covenants and agrees under the Installment Sale Agreement to use its best efforts to keep each Facility fully occupied by Facility Tenants under Facility Leases.

Any Indebtedness incurred or assumed by the Company may be incurred or assumed only as permitted by the Master Trust Indenture.

The Company shall not sell, transfer, assign or otherwise dispose of any of the Facilities or any interest therein except in compliance with the terms and conditions of the Master Trust Indenture and the Installment Sale Agreement.

Events of Default (Section 9.1)

Any one or more of the following events shall constitute an Event of Default under the Installment Sale Agreement:

(a) Failure of the Company to pay or cause to be paid any installment purchase payment that has become due and payable by the terms of the Installment Sale Agreement with respect to the principal, Sinking Fund Installments, Redemption Price, if applicable, and interest on the Bonds or Defaulted Interest, which failure results in an Event of Default under the Indenture;

(b) Failure of the Company to pay or cause to be paid any amount (except as set forth in clause (a) above) that has become due and payable or to observe and perform any covenant, condition or agreement on its part to be performed under certain specified provisions of the Installment Sale Agreement and continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Company specifying the nature of such failure by the Agency or the Trustee or the Holders of more than twenty-five per cent (25%) in aggregate principal amount of the Bonds Outstanding;

(c) Failure of the Company to observe and perform any covenant, condition or agreement under the Installment Sale Agreement on its part to be performed (except as set forth in clauses (a) or (b) above) and (i) continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Company specifying the nature of same by the Agency or the Trustee or the Holders of more than twenty-five per cent (25%) in aggregate principal amount of the Bonds Outstanding, or (ii) if by reason of the nature of such failure the same can be remedied, but not within the said thirty (30) days, the Company fails to commence and thereafter proceed with reasonable diligence after receipt of said notice to cure such failure or fails to continue with reasonable diligence its efforts to cure such failure or fails to cure such failure within sixty (60) days of delivery of said notice;

(d) The Company shall (i) apply for or consent to the appointment of or the taking of possession by a receiver, liquidator, custodian or trustee of itself or of all or a substantial part of its property, (ii) admit in writing its inability, or be generally unable, to pay its debts as such debts generally become due, (iii) make a general assignment for the benefit of its creditors, (iv) commence a voluntary case under the Federal Bankruptcy Code, (v) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, (vi) fail to controvert in a timely or appropriate manner or acquiesce in writing to, any petition filed against itself in an involuntary case under the Federal Bankruptcy Code, (vii) take any action for the purpose of effecting any of the foregoing, or (viii) be adjudicated a bankrupt or insolvent by any court;

(e) A proceeding or case shall be commenced, without the application or consent of the Company, in any court of competent jurisdiction, seeking, (i) liquidation, reorganization, dissolution, winding-up or composition or adjustment of debts, (ii) the appointment of a trustee, receiver, liquidator, custodian or the like of the Company or of all or any substantial part of its assets, or (iii) similar relief under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of ninety (90) days; or any order for relief against the Company shall be entered in an involuntary case under such Bankruptcy Code;

(f) Any representation or warranty made by the Company (i) in the application and related materials submitted to the Agency or the initial purchaser(s) of the Bonds for approval of the Project or its financing, or (ii) in the Installment Sale Agreement or in any other Project Document, or (iii) in the Letter of Representation and Indemnity Agreement dated the Closing Date and delivered to the Agency, the Trustee and the initial purchaser(s) of the Initial Bonds, or (iv) in the Tax Regulatory Agreement, or (v) by or on behalf of the Company or any other Person in any Required Disclosure Statement, or (vi) in any report, certificate, financial statement or other instrument furnished pursuant to the Installment Sale Agreement or any of the foregoing, shall in any case prove to be false, misleading or incorrect in any material respect as of the date made;

(g) The commencement of proceedings to appoint a receiver or to foreclose any mortgage lien on or security interest in the Facilities including the Mortgage;

(h) An “Event of Default” under the Indenture or under any other Security Document or under any Master Trust Document shall occur and be continuing; or

(i) Failure of the Company to pay the amount equal to the deficiency in the Debt Service Reserve Fund when required under the Installment Sale Agreement.

Remedies on Default (Section 9.2)

Whenever any Event of Default shall have occurred and be continuing, the Agency, or the Trustee where so provided, may, take any one or more of the following remedial steps:

(i) The Trustee, as and to the extent provided in the Indenture, may cause all principal installments of installment purchase payments payable under the Installment Sale Agreement for the remainder of the term thereof, together with the principal balance of the Initial Bonds Master Note, to be immediately due and payable, whereupon each of the same, together with the accrued interest thereon, shall become immediately due and payable; provided, however, that upon the occurrence of an Event of Default under clauses (d) or (e) in “Events of Default” above, all principal installments of installment purchase payments payable under the Installment Sale Agreement for the remainder of the term thereof, together with the principal balance of the Initial Bonds Master Note, as well as the accrued interest on each, shall immediately become due and payable without any declaration, notice or other action of the Agency, the Trustee, the Master Trustee, the Holders of the Bonds or any other Person being a condition to such acceleration;

(ii) The Agency, with the prior written consent of the Trustee, or the Trustee, may terminate the Installment Sale Agreement, in which case the Installment Sale Agreement and all of the estate, right, title and interest granted or vested in the Company shall cease and terminate. No such termination of the Installment Sale Agreement shall relieve the Company of its liability and obligations thereunder and such liability and obligations shall survive any such termination;

(iii) The Agency or the Trustee may take whatever action at law or in equity as may appear necessary or desirable to collect the installment purchase payments then due and thereafter to become due, or to enforce performance or observance of any obligations, agreements or covenants of the Company under the Installment Sale Agreement; and

(iv) The Trustee may take any action permitted under the Indenture with respect to an Event of Default thereunder.

Upon the occurrence of a default with respect to any of the Agency’s Reserved Rights, the Agency, without the consent of the Trustee, the Master Trustee or any other Person, may proceed to

enforce the Agency's Reserved Rights by, among other remedies, (i) bringing an action for damages, injunction or specific performance, and/or (ii) taking whatever action at law or in equity as may appear necessary or desirable to collect payment of amounts due by the Company under the Agency's Reserved Rights or to enforce the performance or observance of any obligations, covenants or agreements of the Company under the Agency's Reserved Rights.

No action taken pursuant to the remedies specified above (including termination of the Installment Sale Agreement) or by operation of law or otherwise shall, except as expressly provided in the Installment Sale Agreement, relieve the Company from the Company's obligations under the Installment Sale Agreement, all of which shall survive any such action.

Reletting of Facilities (Section 9.3)

If the right of the Company to the occupancy, use and possession of the Facilities shall be terminated in any way, the Master Trustee may lease the same or any part thereof for the account and benefit of the Company for such rental terms to such Persons and for such period or periods as may be fixed and determined by the Master Trustee, but the Master Trustee shall not unreasonably refuse to accept or receive any suitable occupant or tenant offered by the Company; provided that such letting shall not adversely affect the tax exempt status of the Bonds. Neither the Agency, the Master Trustee nor the Trustee shall otherwise be required to do any act whatsoever or exercise any diligence whatsoever to mitigate the damages to the Company, and if a sufficient sum shall not be received from any letting to satisfy the installment purchase payments agreed to be made by the Company, after paying the expenses of letting and collection, then the Company agrees to pay and satisfy any such deficiency if, as and when the same exists. Any excess rentals from any such reletting shall be credited to any installment purchase payments due or to become due by the Company.

Remedies Cumulative (Section 9.4)

The rights and remedies of the Agency, the Master Trustee or the Trustee under the Installment Sale Agreement or any other Security Document or Master Trust Document shall be cumulative and shall not exclude any other rights and remedies of the Agency, the Master Trustee or the Trustee allowed by law with respect to any default under the Installment Sale Agreement. Failure by the Agency, the Master Trustee or the Trustee to insist upon the strict performance of any of the covenants and agreements set forth in the Installment Sale Agreement or to exercise any rights or remedies upon default by the Company under the Installment Sale Agreement shall not be considered or taken as a waiver or relinquishment for the future of the right to insist upon and to enforce by mandatory injunction, specific performance or other appropriate legal remedy the strict compliance by the Company with all of the covenants and conditions of the Installment Sale Agreement, or of the rights to exercise any such rights or remedies, if such default by the Company be continued or repeated, or of the right to recover possession of the Facilities by reason thereof.

No Additional Waiver Implied by One Waiver (Section 9.5)

In the event any covenant or agreement contained in the Installment Sale Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach thereunder. No waiver shall be binding unless it is in writing and signed by the party making such waiver. No course of dealing between the Agency and/or the Master Trustee and/or the Trustee and the Company or any delay or omission on the part of the Agency and/or the Master Trustee and/or the Trustee in exercising any rights under the Installment Sale Agreement or under the Indenture or under any other Security Document or Master Trust Document shall operate as a waiver. To the extent permitted by applicable law, the Company waives the benefit and advantage of, and covenants not to assert against the Agency, the Master

Trustee or the Trustee, any valuation, inquisition, stay, appraisal, extension or redemption laws which, but for this provision, might be applicable to any sale or letting made under the judgment, order or decree of any court or under the powers of sale and letting conferred by the Installment Sale Agreement or otherwise.

Bankruptcy Proceedings (Section 9.10)

In case proceedings shall be pending for the bankruptcy or for the reorganization of the Company under the federal bankruptcy laws or any other applicable law, or in case a receiver or trustee (other than the Trustee under the Indenture or the Master Trustee under the Master Trust Indenture) shall have been appointed for the property of the Company or in the case of any other similar judicial proceedings relative to the Company or the creditors or property of the Company, then the Trustee shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid pursuant to the Installment Sale Agreement, irrespective of whether the principal of the Bonds (and the Initial Bonds Master Note and the installment purchase payments payable pursuant to the Installment Sale Agreement) shall have been accelerated by declaration or otherwise, and irrespective of whether the Trustee shall have made any demand for payment under the Installment Sale Agreement or thereunder, and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee allowed in such judicial proceedings relative to the Company, its creditors or its property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute such amounts as provided in the Indenture and the Master Trust Indenture after the deduction of its charges and expenses. Any receiver, assignee or trustee in bankruptcy or reorganization is authorized pursuant to the Installment Sale Agreement to make such payments to the Trustee, and to pay to the Trustee any amount due it for compensation and expenses, including expenses and fees of counsel incurred by it up to the date of such distribution.

Termination of the Company Sublease and the Installment Sale Agreement (Section 10.1)

The Company shall have the option to terminate the Company Sublease and the Installment Sale Agreement by causing the redemption or defeasance in whole of all Outstanding Bonds in accordance with the terms set forth in the Indenture. After full payment of the Bonds or provision for the payment in full thereof having been made in accordance with the Indenture, but not later than the receipt by the Company of ten (10) days prior written notice from the Agency directing termination of the Installment Sale Agreement, the Company shall terminate the Company Sublease and the Installment Sale Agreement by giving the Agency notice in writing of such termination and thereupon such termination shall forthwith become effective, subject, however, to the delivery of those documents and the survival of those obligations of the Company set forth in the Installment Sale Agreement.

The Company shall not, at any time, assign or transfer its option to terminate the Installment Sale Agreement separate and apart from a permitted assignment of the Installment Sale Agreement pursuant thereto, without the prior written consents of the Agency, the Master Trustee and the Trustee.

Issuance of Additional Bonds (Section 11.1)

If a Series of Additional Bonds are to be issued pursuant to the Indenture, the Agency and the Company shall enter into an amendment to the Installment Sale Agreement providing, among other things, for the payment by the Company of such additional installment purchase payments as are necessary in order to amortize in full the principal of and interest on such Series of Additional Bonds and any other costs in connection therewith.

Determination of Taxability (Section 11.2)

Upon the occurrence of a Determination of Taxability, the Company shall deliver to the Trustee a certificate of an Authorized Representative, at least ten (10) days before the Trustee is to deliver the notice of redemption pursuant to the Indenture, specifying the event giving rise to the Determination of Taxability and the dates which are the Tax Incidence Date and the date of the Determination of Taxability. The Company shall pay to the Trustee, as provided in the Indenture, an amount sufficient, when added to the amounts then in the Bond Fund and available for such purpose, to retire and redeem all Bonds then Outstanding, in accordance with the Indenture.

Mandatory Redemption of Bonds as Directed by the Agency (Section 11.3)

Upon the determination by the Agency that (w) the Company is operating either or both of the Facilities or any portion of either thereof, or is allowing either or both of the Facilities or any portion of either thereof to be operated, not as a qualified “project” in accordance with the Act and the failure of the Company within thirty (30) days of the receipt by the Company of written notice of such noncompliance from the Agency to cure such noncompliance together with a copy of such resolution (a copy of which notice shall be sent to the Trustee), (x) the Company, any Principal of the Company or any Person that directly or indirectly Controls, is Controlled by or is under common Control with the Company has committed a material violation of a material Legal Requirement and the failure of the Company within thirty (30) days of the receipt by the Company of written notice of such determination from the Agency to cure such material violation (which cure, in the case of a Principal who shall have committed the material violation of a material Legal Requirement, may be effected by the removal of such Principal), (y) any Conduct Representation is false, misleading or incorrect in any material respect at any date, as if made on such date, or (z) a Required Disclosure Statement delivered to the Agency under any Project Document is not acceptable to the Agency acting in its sole discretion, the Company covenants and agrees that it shall, no later than ten (10) days following the termination of such thirty (30) day period, pay to the Trustee advance installment purchase payments in immediately available funds in an amount sufficient to redeem the Bonds Outstanding in whole at the Redemption Price of 100% of the aggregate principal amount of the Outstanding Bonds together with interest accrued thereon to the redemption date. The Agency shall give prior written notice of the meeting at which the Board of Directors of the Agency are to consider such resolution to the Company and the Trustee, which notice shall be no less than fifteen (15) days prior to such meeting.

In the event the Company fails to obtain or maintain the public liability insurance with respect to the Facilities required under the Installment Sale Agreement, and the Company shall fail to cure such circumstance within ten (10) days of the receipt by the Company of written notice of such noncompliance from the Agency and a demand by the Agency on the Company to cure such noncompliance, upon notice or waiver of notice as provided in the Indenture, the Company shall pay to the Trustee advance installment purchase payments in immediately available funds in an amount sufficient to redeem the Bonds Outstanding in whole at the Redemption Price of one hundred percent (100%) of the unpaid principal amount of the Bonds, together with interest accrued thereon to the date of redemption.

Right to Cure Agency Defaults (Section 11.4)

The Agency grants the Company pursuant to the Installment Sale Agreement full authority for account of the Agency to perform any covenant or obligation the non-performance of which is alleged to constitute a default in any notice received by the Company, in the name and stead of the Agency, with full power of substitution.

Option to Purchase or Invite Tenders of Bonds (Section 11.5)

The Company shall have the option, at any time during the term of the Installment Sale Agreement, to purchase Bonds for its own account, whether by direct negotiation, through a broker or dealer, or by making a tender offer to the Holders thereof. The Bonds so purchased by the Company shall be delivered to the Trustee for cancellation within thirty (30) days of the date of purchase.

Mandatory Redemption of Bonds Upon Sale of Ground Lease (Section 11.7)

In the event the Company sells, transfers or otherwise conveys or disposes of its interest in one or both of the Ground Leases, the Company shall immediately deliver written notice of same to the Agency, the Trustee and the Master Trustee, deliver to such Persons the Confirmation of Rating and Opinion of Nationally Recognized Bond Counsel as described in the Indenture to the extent required thereunder in the case of a partial redemption, and shall pay to the Trustee advance installment purchase payments in immediately available funds in an amount sufficient to redeem the Bonds Outstanding in whole or in part as required under the Indenture at the applicable Redemption Price, together with interest accrued thereon to the date of redemption.

Force Majeure (Section 12.1)

In case by reason of force majeure either party to the Installment Sale Agreement shall be rendered unable wholly or in part to carry out its obligations under the Installment Sale Agreement, then except as otherwise expressly provided thereunder, if such party shall give notice and full particulars of such force majeure in writing to the other party within a reasonable time after occurrence of the event or cause relied on, the obligations of the party giving such notice (other than (i) the obligations of the Company to make the installment purchase payments or other payments required under the terms of the Installment Sale Agreement, or (ii) the obligations of the Company to comply with those provisions of the Installment Sale Agreement relating to repayment of mortgage recording tax exemptions, liability insurance or indemnity), so far as they are affected by such force majeure, shall be suspended during the continuance of the inability then claimed, which shall include a reasonable time for the removal of the effect thereof, but for no longer period, and such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "force majeure" shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, orders of any kind of the Government of the United States or of the State or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrest, restraining of government and people, war, terrorism, civil disturbances, explosions, partial or entire failure of utilities, shortages of labor, material, supplies or transportation, or any other similar or different cause not reasonably within the control of the party claiming such inability. However, in no event shall the Company's financial condition or inability to obtain financing constitute a force majeure. The requirements that any force majeure shall be reasonably beyond the control of the party and shall be remedied with all reasonable dispatch shall be deemed to be satisfied in the event of a strike or other industrial disturbance even though existing or impending strikes or other industrial disturbances could have been settled by the party claiming a force majeure under the Installment Sale Agreement by acceding to the demands of the opposing person or persons.

The Company shall promptly notify the Agency and the Trustee upon the occurrence of each force majeure, describing such *force majeure* and its effects in reasonable detail. The Company shall also promptly notify the Agency and the Trustee upon the termination of each such *force majeure*. The information set forth in any such notice shall not be binding upon the Agency or the Trustee, and the

Agency or the Trustee shall be entitled to dispute the existence of any *force majeure* and any of the contentions contained in any such notice received from the Company.

Amendments (Section 12.3)

The Installment Sale Agreement may be amended only with the concurring written consent of the Trustee given in accordance with the provisions of the Indenture and only by a written instrument executed by the Agency and the Company.

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APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT

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FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Agreement”), dated September 13, 2012, is executed and delivered by Transportation Infrastructure Properties, LLC, as Obligated Group Representative (the “Representative”) on behalf of the Members of the Obligated Group identified in the Master Trust Indenture (as hereinafter defined) (each a “Member” and, collectively, the “Obligated Group”) and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the “Disclosure Dissemination Agent” or “DAC”) for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”).

The services provided under this Agreement solely relate to the execution of instructions received from the parties hereto through use of the DAC system and do not constitute “advice” within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”). DAC will not provide any advice or recommendation to the Issuer, the Obligated Group or anyone on the Issuer’s or the Obligated Group’s behalf regarding the “issuance of municipal securities” or any “municipal financial product” as defined in the Act and nothing in this Agreement shall be interpreted to the contrary.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

“Annual Filing Date” means the date, set in Sections 2(a) and 2(f), by which the Annual Report is to be filed with the MSRB.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Agreement.

“Audited Financial Statements” means the financial statements (if any) of the Obligated Group for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Agreement.

“Annual Report” means an Annual Report described in and consistent with Section 3 of this Agreement.

“Bonds” means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

“Disclosure Dissemination Agent” means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Obligated Person pursuant to Section 8 hereof.

“Disclosure Representative” means Chief Financial Officer of the Obligated Group or his or her designee, or such other person as the Obligated Group shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Failure to File Event” means the Obligated Group’s failure to file an Annual Report on or before the Annual Filing Date.

“Force Majeure Event” means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access System maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Agreement.

“Holder” means any person (a) having 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) or (b) treated as the owner of any Bonds for federal income tax purposes.

“Information” means, collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices and the Failure to File Event Notices.

“Issuer” means the New York City Industrial Development Agency, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation organized and existing under the laws of the State of New York, as issuer of the Bonds.

“Master Trust Indenture” means the Master Trust Indenture, dated as of September 1, 2012, between the Members of the Obligated Group parties thereto, and Wells Fargo Bank, National Association, as trustee or its successors as trustee thereunder.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Notice Event” means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Agreement.

“Obligated Person” means any person, including each Member of the Obligated Group, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

“Official Statement” means that Official Statement prepared by the Issuer in connection with the Bonds, as listed on Appendix A.

“Quarterly Filing Date” means the date, set in Sections 2(a), by which the Quarterly Report is to be filed with the MSRB.

“Quarterly Financial Information” means quarterly financial information specified in Section 3(c) of this Agreement.

“Quarterly Report” means an Quarterly Report described in and consistent with Section 3 of this Agreement.

“Trustee” means The Bank of New York Mellon and its successors and assigns.

SECTION 2. Provision of Annual Reports, Quarterly Reports and Required Consultant Reports.

(a) The Representative shall provide, (i) annually, an electronic copy of the Annual Report to the Disclosure Dissemination Agent, together with a copy each for the Issuer and the Trustee, not later than one hundred twenty (120) days after the end of each fiscal year of the Obligated Group, commencing with the fiscal year ending June 30, 2013 (such date and each anniversary thereof is the Annual Filing Date), (ii) quarterly, an electronic copy of the Quarterly Report to the Disclosure Dissemination Agent, together with a copy each for the Issuer and Trustee, not later than forty-five (45) days after the end of each fiscal quarter, commencing with the fiscal quarter ending December 31, 2012 (such date and the date ending each fiscal quarter thereafter is the Quarterly Filing Date), and (iii) an Independent Consultant’s (as defined in the Master Trust Indenture) report in form and substance required by the Master Trust Indenture (such report, a “Required Consultant’s Report”), at the same time and to the extent such Required Consultant’s Report is required to be delivered to the Trustee under the Master Trust Indenture. Promptly upon receipt of an electronic copy of the Annual Report, the Quarterly Report or the Required Consultant’s Report, the Disclosure Dissemination Agent shall provide an Annual Report, a Quarterly Report or a Required Consultant’s Report, as applicable, to the MSRB. Each of the Annual Report, the Quarterly Report or the Required Consultant’s Report, as applicable, may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Agreement.

(b) If on the fifth (5th) day prior to the Annual Filing Date or Quarterly Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Representative of its undertaking to provide the Annual Report or Quarterly Report, as applicable, pursuant to Section 2(a).

(c) If the Disclosure Dissemination Agent has not received an Annual Report or Quarterly Report, as applicable, by 6:00 p.m. Eastern time on the Annual Filing Date or Quarterly Filing Date, as applicable, (or, if such Annual Filing Date or Quarterly Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter), a Failure to File Event shall have occurred and the Representative irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report or Quarterly Report, as applicable, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C.

(d) If Audited Financial Statements of the Obligated Group are prepared but not available prior to the Annual Filing Date, the Obligated Group shall, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, together with a copy each for the Issuer and the Trustee, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

- (i) verify the filing specifications of the MSRB on an annual basis prior to the Annual Filing Date; and
- (ii) provide the Obligated Group and the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Agreement.

(f) The Representative may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date or Quarterly Filing Date to the Disclosure Dissemination Agent, the Issuer, the Trustee and the MSRB, provided that the period between (the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Agreement and that is accompanied by all other information required by the terms of this Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports and Quarterly Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Obligated Group, including the following information provided in the Official Statement in “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – THE FACILITIES, MANAGEMENT AND THE TENANTS” under “INCLUSION BY SPECIFIC REFERENCE” therein: financial information and operating data of the type set forth under the subheadings “General,” “The Facilities,” “Major Tenants” and “Actual Historical Cash Flows” (presented in the format and including the information set forth in the tables included under the subheading “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – PROJECTED CASH FLOWS – Management Projections” and in “PART V – APPENDIX H – TOTAL REVENUES PER FACILITY”).

(b) Audited Financial Statements prepared in accordance with generally accepted accounting principles (“GAAP”) as described in the Official Statement, subject to Section 2(d) hereof, will be included in the Annual Report. If audited financial statements are not available, then, unaudited financial statements, prepared in accordance with GAAP as described in the Official Statement will be included in the Annual Report.

(c) Each Quarterly Report shall contain Quarterly Financial Information with respect to the Obligated Group, including the following information: (i) unaudited financial information of the Obligated Group for such preceding fiscal quarter, including a combined statement of operations prepared on a budget comparative basis for such fiscal quarter and Fiscal Year to date, a combined statement of financial position, a combined statement of cash flows and a combined statement of changes in Members' equity; (ii) an occupancy report for each Member, (iii) subleasing and rental information of the type contained in the Official Statement in "PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – THE FACILITIES, MANAGEMENT AND THE TENANTS" under "INCLUSION BY SPECIFIC REFERENCE" therein for each Project, Mortgaged Property and Additional Property (as such terms are defined in the Master Trust Indenture); (iv) a table updating Exhibit E to the Master Trust Indenture; (v) the items relating to the rate covenant and coverage ratios required by the Master Trust Indenture; and (vi) a copy of a Notice of Reserve Fund Increase or a Notice of Reserve Fund Decrease, each as defined in the Master Trust Indenture, if such Notice of Reserve Fund Increase or Notice of Reserve Fund Decrease, as applicable, has been delivered to the Master Trustee during such preceding fiscal quarter.

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Obligated Group is an "obligated person" (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Representative will clearly identify each such document so incorporated by reference.

Any Annual Financial Information or Quarterly Financial Information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

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 or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with

respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

7. Modifications to rights of Bond holders, 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 Obligated Person;

Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, 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 Obligated Person.

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, 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, if material.

The Representative shall, in a timely manner not in excess of ten business days after its occurrence, notify the Disclosure Dissemination Agent, the Issuer and the Trustee in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to Section 4(c) hereof. Such notice shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Agreement), include the text of the disclosure that the Representative desires to make, contain the written authorization of the Representative for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Obligated Person desires for the

Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Obligated Group or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Obligated Group or the Disclosure Representative, such notified party will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Obligated Group determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to Section 4(c) hereof. Such notification shall identify the Notice Event that has occurred, include the text of the disclosure that the Obligated Group desires to make, contain the written authorization of the Obligated Group for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Obligated Group desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Obligated Group as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C.

SECTION 5. CUSIP Numbers. Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, Quarterly Reports and Required Consultant's Reports, documents incorporated by reference to the Annual Reports, Quarterly Reports, Audited Financial Statements, Notice Event notices, Failure to File Event notices, and, the Obligated Group shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations. The Obligated Group acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Obligated Group, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Agreement do not extend to providing legal advice regarding such laws. The Obligated Group acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Agreement.

SECTION 7. Termination of Reporting Obligation. The obligations of the Obligated Group and the Disclosure Dissemination Agent under this Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Obligated Group is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required.

SECTION 8. Disclosure Dissemination Agent. The Obligated Group may, upon thirty days written notice to the Disclosure Dissemination Agent, the Issuer and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Obligated Group or DAC, the Obligated Group agrees to appoint a successor Disclosure Dissemination Agent or, alternatively, agrees to assume all responsibilities of the Disclosure Dissemination Agent under this Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Obligated Group shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Representative.

SECTION 9. Remedies in Event of Default. In the event of a failure of the Obligated Group or the Disclosure Dissemination Agent to comply with any provision of this Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Agreement. Any failure by a party to perform in accordance with this Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 10. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Obligated Group has provided such information to the Disclosure Dissemination Agent as required by this Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Obligated Group and shall not be deemed to be acting in any fiduciary capacity for the Obligated Group, the Issuer, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Obligated Group's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Obligated Group has complied with this Agreement. The Disclosure Dissemination Agent may conclusively rely upon written certifications of the Obligated Group at all times.

The obligations of the Obligated Group under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Obligated Group.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 11. No Issuer Responsibility. The Representative and the Disclosure Dissemination Agent acknowledge that neither the Issuer nor the Trustee have undertaken any responsibility, and shall not be required to undertake any responsibility, with respect to any reports, notices or disclosures required by or provided pursuant to this Agreement, and shall have no liability to any person, including any Holder of the Bonds, with respect to any such reports, notices or disclosures.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Representative and the Disclosure Dissemination Agent may amend this Agreement and any provision of this Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to each of the Representative and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither of the Representative or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Representative and the Disclosure Dissemination Agent shall have the right to adopt amendments to this Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the Trustee and the Issuer.

SECTION 13. Beneficiaries. This Agreement shall inure solely to the benefit of the Representative, the Issuer (as a third party beneficiary), the Trustee (as a third party beneficiary), the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Agreement shall be governed by the laws of the State of New York (other than with respect to conflicts of laws).

SECTION 15. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

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The Disclosure Dissemination Agent and the Issuer have caused this Continuing Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Disclosure Dissemination Agent

By: _____
Name: _____
Title: _____

TRANSPORTATION INFRASTRUCTURE
PROPERTIES, LLC, as Obligated Group
Representative

By: _____
Name: _____
Title: _____

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer: New York City Industrial Development Agency
Obligated Person(s): Transportation Infrastructure Properties Obligated Group
Name of Bond Issue: Senior Airport Facilities Revenue and Refunding Bonds (TrIPs
Obligated Group) Series 2012A
Date of Issuance: September 13, 2012
Date of Official Statement: August 24, 2012

EXHIBIT C
EVENT NOTICE COVER SHEET

This cover sheet and accompanying "event notice" will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Obligated Person's Name:

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

Number of pages attached: _____

____ Description of Notice Events (Check One):

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, IRS notices or events affecting the tax status of the security;"
7. _____ "Modifications to rights of securities holders, if material;"
8. _____ "Bond calls, if material;"
9. _____ "Defeasances;"
10. _____ "Release, substitution, or sale of property securing repayment of the securities, if material;"
11. _____ "Rating changes;"
12. _____ "Tender offers;"
13. _____ "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
14. _____ "Merger, consolidation, or acquisition of the obligated person, if material;" and
15. _____ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material."

____ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

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APPENDIX E – FORM OF APPROVING OPINION OF NYC IDA BOND COUNSEL

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PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon delivery of the Series 2012A Bonds, Bond Counsel to the Issuer proposes to issue its approving opinion in substantially the following form:

Hawkins Delafield & Wood LLP

ONE CHASE MANHATTAN PLAZA
NEW YORK, NY 10005
WWW.HAWKINS.COM

[Closing Date]

New York City Industrial
Development Agency
New York, New York

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$126,875,000 aggregate principal amount of Senior Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012A (the “Series 2012A Bonds”) of the New York City Industrial Development Agency, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation organized and existing under the laws of the State of New York (the “Agency”).

The Series 2012A Bonds are issued under and pursuant to the New York State Industrial Development Agency Act (constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of the State of New York), as amended, and Chapter 1082 of the 1974 Laws of New York, as amended (collectively, the “Act”), an Indenture of Trust, dated as of September 1, 2012 (the “Indenture”), between the Agency and The Bank of New York Mellon, as trustee (the “Trustee”), and a resolution of the Agency adopted on June 12, 2012 authorizing the Series 2012A Bonds.

The Series 2012A Bonds are dated, mature on the dates and in the principal amounts, bear interest, are payable, and are subject to redemption prior to maturity, all as provided in the Indenture.

The Series 2012A Bonds are being issued to refund the Agency’s Special Airport Facility Revenue Bonds (2001 Airis JFK I, LLC Project at JFK International Airport), Series 2001A (the “Series 2001A Bonds”), issued to finance a portion of the costs of the acquisition, construction, equipping and installation of (i) an air cargo and aircraft related service facility and related site improvements located on Tract 8 in Cargo Area B (the “Tract 8 Facility”) at John F. Kennedy International Airport in Queens, New York (the “Airport”) and (ii) an air cargo and aircraft related service facility and related site improvements located on Tract 9A in Cargo Area B (the “Tract 9A Facility” and, together with the Tract 8 Facility, the “Facilities”) at the Airport. The Tract 8 Facility is located on premises leased by The City of New York (the “City”) to The Port Authority of New York and New Jersey (the “Port Authority”) pursuant to an Amended and Restated Agreement of Lease of the Municipal Air Terminals dated November 24, 2004 (as amended and supplemented, the “Basic Lease”), and is subleased by the Port Authority to Aero JFK, LLC, a Delaware limited liability company (the “Company”), pursuant to an

Agreement of Lease (Lease No. AYD-038), dated as of November 15, 2000, between the Port Authority and the Company (the "Tract 8 Ground Lease"). The Tract 9A Facility is also located on premises leased by the City to the Port Authority pursuant to the Basic Lease and is subleased by the Port Authority to the Company pursuant to an Agreement of Lease (Lease No. AYD-037), dated as of November 15, 2000, between the Port Authority and the Company (the "Tract 9A Ground Lease" and, together with the Tract 8 Ground Lease, the "JFK Ground Leases").

In connection with the issuance of the Series 2012A Bonds, (a) the Company has subleased the Facilities to the Agency pursuant to an Amended and Restated Company Sublease Agreement, dated as of September 1, 2012, between the Company, as landlord, and the Agency, as tenant (the "Company Sublease"), and (b) the Agency has sold and assigned its subleasehold interests in the Facilities under the Company Sublease to the Company pursuant to an Installment Sale Agreement and Assignment of Lease, dated as of September 1, 2012, between the Agency and the Company (the "Installment Sale Agreement"). Pursuant to the Installment Sale Agreement, the Company has agreed, among other things, to make installment purchase payments in amounts sufficient to pay the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Series 2012A Bonds.

In order to secure its payment obligations under the Installment Sale Agreement, the Company has caused to be delivered to the Trustee a Senior Master Trust Indenture Promissory Note Series 2012-1 (the "NYC IDA Senior Note"), issued pursuant to a Master Trust Indenture (Security Agreement) (the "Master Trust Indenture"), as supplemented by the First Supplemental Master Trust Indenture, each dated as of September 1, 2012, and between the Company and the other Members (as defined in the Master Trust Indenture) of the Transportation Infrastructure Properties Obligated Group (collectively, the "Obligated Group"), and Wells Fargo Bank, National Association, as Master Trustee (the "Master Trustee"). The NYC IDA Senior Note is a joint and several obligation of the Members of the Obligated Group. As security for the obligations evidenced by the NYC IDA Senior Note and all other senior notes and obligations issued under the Master Trust Indenture, (y) the Company and each other Member of the Obligated Group has granted to the Master Trustee a security interest in such Member's Gross Revenues (as defined in the Master Trust Indenture), and (z) certain of such Members have entered into a mortgage, deed of trust, leasehold mortgage or leasehold deed of trust, as applicable, in favor of the Master Trustee on all or a portion of such member's fee or leasehold interest in its facilities, including, with respect to the Company, the Leasehold Mortgage, Assignment of Rents and Leases, Security Agreement and Fixture Filing, dated as September 1, 2012, from the Company and the Agency to the Master Trustee (the "JFK Mortgage"). Pursuant to the JFK Mortgage, the Company and the Agency have granted to the Master Trustee a mortgage lien on and a security interest in their respective interests in the Facilities, including the JFK Ground Leases and the Company Sublease. In addition, pursuant to a Special Covenants Agreement, dated as of September 1, 2012, from the Group Representative (as defined in the Master Trust Indenture), on behalf of the Obligated Group, to the Agency and the Trustee (the "Special Covenants Agreement"), the Group Representative on behalf of the Obligated Group will provide certain representations, warranties, covenants and agreements for the benefit of the Agency and the Trustee.

Concurrently with the issuance of the Series 2012A Bonds, the Public Finance Authority, a unit of government under the laws of the State of Wisconsin (the "PFA"), is issuing its Senior Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012B (the "Series 2012B PFA Bonds"), Senior Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012C (the "Series 2012C PFA Bonds"), Subordinate Class B Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012D, Senior Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012E (the "Series 2012E PFA Bonds") and Subordinate Class B Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012F (the "Series 2012F PFA Bonds" and, together with the Series 2012B PFA Bonds, the Series 2012C PFA Bonds, the Series 2012D

PFA Bonds and the Series 2012E PFA Bonds, collectively, the “PFA Bonds”) to refinance air cargo facilities of other Members of the Obligated Group. Pursuant to the Master Trust Indenture, a Senior Master Trust Indenture Promissory Note, Series 2012-2, a Senior Master Trust Indenture Promissory Note, Series 2012-3 and a Senior Master Trust Indenture Promissory Note, Series 2012-4 (collectively, the “PFA Senior Notes”) will be delivered by the Obligated Group to the trustee with respect to the PFA Bonds (the “PFA Bond Trustee”), with respect to the Series 2012B PFA Bonds, the Series 2012C PFA Bonds and the Series 2012D PFA Bonds, which PFA Senior Notes will be secured equally and ratably as Senior Obligations (as defined in the Master Trust Indenture) under the Master Trust Indenture with the NYC IDA Senior Note. A Subordinate Class B Master Trust Indenture Promissory Note, Series 2012-1, and a Subordinate Class B Master Trust Indenture Promissory Note, Series 2012-2 (collectively, the “PFA Subordinate Class B Notes”) will be delivered by the Obligated Group to the PFA Bond Trustee with respect to the Series 2012D PFA Bonds and the Series 2012F PFA Bonds, which PFA Subordinate Class B Notes will be secured as Subordinate Class B Obligations (as defined in the Master Trust Indenture). On the date hereof, the law firms of Greenberg Traurig, LLP and Chico & Nunes, P.C. (collectively, the “PFA Co-Bond Counsel”) are delivering their approving opinions as Co-Bond Counsel with respect to the PFA Bonds. The Series 2012A Bonds, together with the Series 2012B PFA Bonds, the Series 2012C PFA Bonds and the Series 2012D PFA Bonds (collectively, the “Tax-Related PFA Bonds”), are considered a single issue under applicable provisions of the Internal Revenue Code of 1986, as amended (the “Code”).

It is provided in the Indenture that, upon the satisfaction of certain conditions stated therein, the Agency may issue additional bonds from time to time on the terms and conditions and for the purposes stated in the Indenture and said additional bonds, if issued, will be equally and ratably secured under the Indenture with the Series 2012A Bonds.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the Series 2012A Bonds in order that, for Federal income tax purposes, interest on the Series 2012A Bonds not be included in gross income pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of Series 2012A Bond proceeds, restrictions on the investment of Series 2012A Bond proceeds prior to expenditure and the requirement that certain earnings be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Series 2012A Bonds to become subject to Federal income taxation retroactive to their date of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of delivery of the 2012A Bonds, the Agency, the Company, the Trustee and the Master Trustee will execute a Tax Regulatory Agreement, dated the date hereof (the “Tax Regulatory Agreement”), containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Regulatory Agreement, the Company covenants that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest paid on the Series 2012A Bonds will, for Federal income tax purposes, be excluded from gross income.

We are of the opinion that:

1. The Agency is duly created and validly existing under the Act and has good right and lawful authority to refund the Series 2001A Bonds and sell and assign its subleasehold interest in the Facilities under the Company Sublease to the Company and collect installment purchase payments therefrom, in accordance with the terms of the Installment Sale Agreement and as provided in the Indenture.

2. The Agency has the right and power pursuant to the Act to enter into the Indenture, and the Indenture has been duly authorized, executed and delivered by the Agency, is in full force and effect, and is valid and binding upon the Agency and enforceable against the Agency in accordance with its terms.

3. The Agency has the right and power pursuant to the Act to enter into each of the Installment Sale Agreement, the Company Sublease, the Special Covenants Agreement and the JFK Mortgage, and each of the Installment Sale Agreement, the Company Sublease, the Special Covenants Agreement and the JFK Mortgage has been duly authorized, executed and delivered by the Agency, is in full force and effect, and constitutes a valid and binding agreement of the Agency enforceable against the Agency in accordance with its terms.

4. The Series 2012A Bonds have been duly authorized and issued by the Agency in accordance with the Act and the Indenture, and are the valid and binding special limited revenue obligations of the Agency, payable by the Agency solely from the installment purchase payments and receipts derived from the Installment Sale Agreement and certain other amounts held under the Indenture, all as pledged under the Indenture.

5. The Series 2012A Bonds are enforceable in accordance with their terms and the terms of the Indenture and are entitled to the benefit of the Act and the Indenture. All conditions precedent to the delivery of the Series 2012A Bonds have been fulfilled.

6. Under existing statutes and court decisions, (i) interest on the Series 2012A Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code, except that no opinion is expressed as to such exclusion of interest on any Series 2012A Bond for any period during which such Series 2012A Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a “substantial user” of the facilities re-financed with the proceeds of the Series 2012A Bonds or a “related person,” and (ii) interest on the Series 2012A Bonds, however, is treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code.

7. Under existing statutes, interest on the Series 2012A Bonds is exempt from personal income taxes imposed by the State of New York (the “State”) or any political subdivision thereof (including The City of New York).

Except as stated in paragraphs 6 and 7 above, we express no opinion as to any federal, state or local tax consequences arising with respect to the Series 2012A Bonds or the ownership or disposition thereof. Furthermore, we express no opinion as to the effect of any action hereafter taken or not taken in reliance upon an opinion of counsel other than ourselves on the exclusion from gross income for federal income tax purposes of interest on the Series 2012A Bonds, or on the exemption of interest on the Series 2012A Bonds from personal income taxes under state and local tax law.

In rendering the opinions in paragraph 6 above, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact, contained in the Agency Tax Certification delivered on the date hereof by the Agency and in the Tax Regulatory Agreement with respect to the use of proceeds of the Series 2001A Bonds and the Series 2012A Bonds and the investment of certain funds, and other matters affecting the exclusion of interest on the Series 2012A Bonds from gross income for federal income tax purposes under Section 103 of the Code, (ii) with no independent investigation, the approving opinions of PFA Co-Bond Counsel with respect to the Tax-Related PFA Bonds as to the validity and legality of the Tax-Related PFA Bonds and as to the exclusion of the interest thereon from gross income of the owners thereof for

federal income tax purposes, and (iii) compliance by the parties to the Tax Regulatory Agreement with the procedures and ongoing covenants set forth in the Tax Regulatory Agreement and with the ongoing tax covenants set forth in the Indenture and the Installment Sale Agreement. Under the Code, failure to comply with such procedures and covenants may cause the interest on the Series 2012A Bonds to be included in gross income for federal income tax purposes, retroactive to the date of issuance of the Series 2012A Bonds, irrespective of the date on which such noncompliance occurs or is ascertained. Compliance with certain of such requirements may necessitate that persons not within the control of the Agency or the Company take or refrain from taking certain actions.

The foregoing opinions are qualified only to the extent that the enforceability of the Series 2012A Bonds, the Indenture, the Tax Regulatory Agreement, the Installment Sale Agreement, the Company Sublease, the Special Covenants Agreement, the NYC IDA Senior Note, the JFK Mortgage, the Basic Lease and the JFK Ground Leases may be limited by bankruptcy, moratorium or insolvency or other laws affecting creditors' rights generally and is subject to general rules of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

In rendering this opinion, we have relied as to matters of title to the Facilities on leasehold and mortgagee title insurance policies issued by Chicago Title Insurance Company insuring the subleasehold interest of the Agency in the Facilities under the Company Sublease and the mortgage on the leasehold interests of the Company and the Agency in the Facilities pursuant to the JFK Mortgage, respectively, and the opinion of Greenberg Traurig, LLP, counsel to the Company, dated the date hereof, and have assumed that (i) the Basic Lease continues in full force and effect as an enforceable obligation of the City, and (ii) each of the Basic Lease and the JFK Ground Leases continue in full force and effect as an enforceable obligation of the Port Authority.

In rendering this opinion, with respect to the due recording of the Company Sublease, the Indenture, the Installment Sale Agreement and the JFK Mortgage, and the due filing and sufficiency of financing statements under the New York State Uniform Commercial Code, we have relied on the opinions of Greenberg Traurig LLP, counsel to the Company and the other Members of the Obligated Group, and Richard E. Marshall, Esq., Vice President for Legal Affairs of the Agency, both dated the date hereof, and we have assumed the due and proper recording of the Basic Lease and the JFK Ground Leases.

In rendering this opinion, with respect to the due authorization, execution and delivery by the Company of the JFK Ground Leases, the Company Sublease, the Installment Sale Agreement, the JFK Mortgage and the Tax Regulatory Agreement, and the due authorization, execution and delivery of the NYC IDA Senior Note and the Special Covenants Agreement by the Group Representative on behalf of the Obligated Group, we have relied on the opinion of Greenberg Traurig LLP, counsel to the Company and the other Members of the Obligated Group, dated the date hereof.

In rendering this opinion, with respect to the due authorization, execution and delivery of the Indenture and the Special Covenants Agreement by the Trustee, we have relied upon the opinion of Carter Ledyard & Milburn LLP, counsel to the Trustee, dated the date hereof.

In rendering this opinion, we have assumed the due authorization, execution and delivery of the Tax Regulatory Agreement by the Trustee and the Master Trustee, and the enforceability of the Tax Regulatory Agreement against the Trustee and the Master Trustee.

In rendering this opinion, we express no opinion as to the necessity for obtaining any licenses, permits or other approvals relating to the operation of either or both of the Facilities, or the application or effect of any environmental laws, ordinances, rules, regulations or other requirements of

any governmental authority with respect to either or both of the Facilities or the transactions contemplated under the Project Documents (as defined in the Indenture).

The foregoing opinions are further subject, however, to the qualification that we express no opinion (y) as to the Master Trust Indenture, or (z) as to matters relating to the rights in, title to or sufficiency of the description of any property or collateral described in the Project Documents or the creation, perfection or relative priority of any lien or security interest created with respect to such property or collateral thereunder.

Attention is called to the fact that we have not been requested to examine and have not examined any documents or information relating to the Company or the other Members of the Obligated Group, including the Group Representative, other than the record of proceedings hereinabove referred to, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been or may be supplied to any purchaser of the Series 2012A Bonds.

We undertake no responsibility for the accuracy, completeness or fairness of any official statement or other offering materials relating to the Series 2012A Bonds and express herein no opinion relating thereto.

This opinion is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, or any facts or circumstances, or any changes in law or in interpretations thereof, that may hereafter arise or occur, or for any other reason.

We have examined an executed Series 2012A Bond numbered AR-1 and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

PART IV – OFFICIAL STATEMENT FOR THE SERIES 2012B PFA BONDS

NEW ISSUE- BOOK ENTRY ONLY

RATING: SEE “RATING” HEREIN

DAC Bond

In the opinions of Greenberg Traurig, LLP, Philadelphia, Pennsylvania and Chico & Nunes, P.C., Chicago, Illinois, as Co-Bond Counsel (the “PFA Co-Bond Counsel”), under existing law, as currently enacted and construed, and assuming the accuracy of certain certifications and compliance with certain covenants of the Authority and the Obligated Group designed to assure compliance with the requirements of the Internal Revenue Code of 1986, as amended (the “Code”), interest on the Series 2012B PFA Bonds is excludable from gross income of the owners thereof for federal income tax purposes, except for interest on any Series 2012B PFA Bond for any period during which such Series 2012B PFA Bond is held by a “substantial user” of one or more of the Projects or a “related person” within the meaning of Section 147(a) of the Code, but interest on the Series 2012B PFA Bonds is an item of tax preference under the Code for purposes of determining the alternative minimum tax imposed on individuals and corporations. Interest on Series 2012B PFA Bonds held by a foreign corporation may be subject to the branch profits tax imposed by the Code. See information under the heading of “TAX MATTERS” in this Official Statement.

In the opinions of PFA Co-Bond Counsel, under existing law, the Series 2012B PFA Bonds and interest on the Series 2012B PFA Bonds are not exempt from income tax in the State of Wisconsin.

\$189,400,000
PUBLIC FINANCE AUTHORITY
SENIOR AIRPORT FACILITIES REVENUE AND REFUNDING BONDS
(TriPs Obligated Group),
Series 2012B

Dated: Date of Delivery

Due: As set forth on the inside cover page

The Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012B (the “Series 2012B PFA Bonds”) in the principal amount of \$189,400,000 are the only bonds offered by this Official Statement. Simultaneously with the issuance of its Series 2012B PFA Bonds, the Public Finance Authority, a unit of government under the laws of the State of Wisconsin (the “Authority”), will also issue its (i) \$27,675,000 Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012C (the “Series 2012C PFA Bonds”), (ii) \$11,535,000 Public Finance Authority Subordinate Class B Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012D (the “Series 2012D PFA Bonds”), (iii) \$16,280,000 Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012E (the “Series 2012E PFA Bonds”) and (iv) \$54,465,000 Public Finance Authority Subordinate Class B Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012F (the “Series 2012F PFA Bonds”) and collectively with the Series 2012B PFA Bonds, the Series 2012C PFA Bonds, the Series 2012D PFA Bonds and the Series 2012E PFA Bonds, the “Series 2012 PFA Bonds”). The Series 2012C PFA Bonds, the Series 2012D PFA Bonds, the Series 2012E PFA Bonds and the Series 2012F PFA Bonds (collectively, the “Non-Offered Bonds”) are not offered by this Official Statement and will not be offered or sold to the public.

The Series 2012 PFA Bonds are special limited revenue obligations of the Authority and will be issued pursuant to a Trust Indenture dated as of September 1, 2012 (the “PFA Indenture”) between the Authority and Wells Fargo Bank, National Association, as bond trustee (in such capacity under the PFA Indenture, the “PFA Trustee”) to (i) refund certain outstanding municipal bonds, the proceeds of which were used to finance the costs of acquiring, renovating, rehabilitating and improving leasehold improvements to certain air cargo facilities located throughout the United States (the “PFA Facilities”), in each case for lease to certain of the entities set forth on the inside cover pages herein (each a “PFA Member” and collectively with the JFK Member (defined herein), the other initial members described herein (the “Initial Members”) and any Additional Members (defined herein), the “TriPs Obligated Group” or the “Obligated Group” or the “Members”), (ii) fund a debt service reserve fund under the PFA Indenture and (iii) pay certain costs of issuance of the Series 2012 PFA Bonds. Each PFA Member has agreed, jointly and severally, pursuant to a Loan and Security Agreement dated as of September 1, 2012 (the “PFA Loan Agreement”) between the Authority and each of the PFA Members, to pay loan payments thereunder equal to the principal or Redemption Price of, if applicable, Sinking Fund Installments, and interest on the Series 2012B PFA Bonds.

The obligations of the PFA Members under the PFA Loan Agreement with respect to the Series 2012B PFA Bonds, the Series 2012C PFA Bonds and the Series 2012E PFA Bonds (collectively, the “Series 2012 PFA Senior Bonds”) will be secured by three separate Senior Master Trust Indenture Promissory Notes, Series 2012-2, Series 2012-3 and Series 2012-4, respectively (the “Senior Note No. 2,” the “Senior Note No. 3” and the “Senior Note No. 4,” respectively), and the obligations of the PFA Members under the PFA Loan Agreement with respect to the Series 2012D PFA Bonds and the Series 2012F PFA Bonds (the “Series 2012 Subordinate Class B Bonds”) will be secured by two separate Subordinate Class B Master Trust Indenture Promissory Notes, Series 2012-1 and Series 2012-2, respectively (the “Subordinate Class B Note No. 1” and the “Subordinate Class B Note No. 2,” respectively, and collectively, the “Subordinate Class B Notes”). The Senior Note No. 2, the Senior Note No. 3, the Senior Note No. 4 and the Subordinate Class B Notes will be issued and dated the date of issue of the Series 2012B PFA Bonds and issued by the Obligated Group under a Master Trust Indenture (Security Agreement), dated as of September 1, 2012, as supplemented by a First Supplemental Master Trust Indenture, dated as of September 1, 2012 (together, the “Master Indenture”), among the Initial Members and Wells Fargo Bank, National Association, as Master Trustee (the “Master Trustee”). Each of the Members of the Obligated Group will be jointly and severally liable on Obligations issued under the Master Indenture, including the Senior Note No. 2, the Senior Note No. 3, the Senior Note No. 4 and the Subordinate Class B Notes.

Contemporaneously with the issuance of the Series 2012B PFA Bonds, the Initial Members will form the Obligated Group. The Obligated Group is initially comprised of Transportation Infrastructure Properties, LLC, a Delaware limited liability company (“TriPs”), serving as the Group Representative, and a group of thirty-eight (38) affiliated entities all of the ownership interests of which will be owned by TriPs, which in turn will be approximately 99% owned through a number of affiliated subsidiaries by CalEast Air Cargo Investors, LLC (“CalEast”), the purchaser of the Non-Offered Bonds. CalEast is not a Member of the Obligated Group.

The Obligations issued under the Master Indenture, including Senior Note No. 2, Senior Note No. 3 and Senior Note No. 4, and the Subordinate Class B Notes, are secured by: (i) a pledge of Gross Revenues of each of the Members of the Obligated Group; (ii) a mortgage, deed of trust, leasehold mortgage or leasehold deed of trust, as applicable (collectively, the “Mortgages”), on leasehold or fee interests in certain facilities of the Members; (iii) a membership interest pledge and security agreement by CalEast CAC, LLC to the Master Trustee of its membership interests in TriPs; and (iv) a membership interest pledge and security agreement by TriPs to the Master Trustee of its ownership interests in each Member of the Obligated Group.

Senior Note No. 2 securing the Series 2012B PFA Bonds will be payable and secured as a Senior Obligation of the Obligated Group under the Master Indenture. Simultaneously with the issuance of the Series 2012 PFA Bonds there will be issued the New York City Industrial Development Agency Senior Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012A (the “Series 2012A NYC

* Amounts relating to the Series 2012E PFA Bonds and the Series 2012F PFA Bonds will be finalized upon the sale of such bonds on September 10, 2012. Pricing and sale information relating to the Series 2012E PFA Bonds and the Series 2012F PFA Bonds will be reflected in a supplement to the final Offering Statement to be distributed not more than seven (7) business days after the sale of such bonds.

IDA Bonds”). The Series 2012 PFA Senior Bonds and the Series 2012A NYC IDA Bonds will be senior in lien and payment to the Series 2012D PFA Bonds and the Series 2012F PFA Bonds. The Series 2012 PFA Senior Bonds and the Series 2012A NYC IDA Bonds will be the first four series of Senior Bonds secured under the Master Indenture. The Series 2012D PFA Bonds and the Series 2012F PFA Bonds will be the first two series of Subordinate Class B Bonds secured by the Master Indenture. Members of the Obligated Group may issue additional Senior Obligations, Subordinate Class A Obligations (which none have been issued to date) and additional Subordinate Class B Obligations (as well as Subordinate Class A Obligations, including Obligations securing additional bonds. The Obligated Group is also issuing two Subordinate Class B Obligations in the form of indemnity agreements (the “*Indemnity Obligations*”), one to the NYC IDA and one to the Authority (collectively, the “*Indemnitees*”). Neither of the Indemnity Obligations will have a principal amount or accrue interest unless and until an amount is owed thereunder. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – COMMON SECURITY FOR OBLIGATED GROUP – Additional Bonds/Additional Obligations” under “INCLUSION BY SPECIFIC REFERENCE” herein. The Series 2012A NYC IDA Bonds and the Series 2012 PFA Bonds are sometimes collectively referred to herein as the “*Series 2012 Bonds*.”

The Non-Offered Bonds, which are not offered by this Official Statement, will not be sold to the public and will be sold directly to CalEast.

The Series 2012B PFA Bonds will be issued as registered bonds and will bear interest at fixed rates all as indicated on the inside cover pages herein and will be issued in denominations of \$5,000 or any integral multiples thereof. Interest on the Series 2012B PFA Bonds will accrue from the date of delivery of the Series 2012B PFA Bonds and will be payable semiannually on January 1 and July 1, commencing January 1, 2013. The Series 2012B PFA Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“*DTC*”). DTC will act as securities depository of the Series 2012B PFA Bonds. Purchases will be made only in book-entry form through DTC participants in the aforesaid authorized denominations, and no physical delivery of Series 2012B PFA Bonds will be made to purchasers. Payments of principal or Redemption Price, if applicable, Sinking Fund Installments, and interest will be made to purchasers by DTC through its participants.

The Series 2012B PFA Bonds will be subject to optional and mandatory redemption at the times and amounts set forth herein. See “THE SERIES 2012B PFA BONDS – Redemption Prior to Maturity” herein.

THE SERIES 2012 PFA BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM THE TRUST ESTATE PLEDGED FOR THEIR PAYMENT UNDER THE PFA INDENTURE AND EXCEPT FROM SUCH SOURCE, NEITHER THE AUTHORITY, THE STATE OF WISCONSIN, ANY POLITICAL SUBDIVISION THEREOF NOR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE SERIES 2012 PFA BONDS SHALL BE OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF, IF APPLICABLE, SINKING FUND INSTALLMENTS OR INTEREST ON THE SERIES 2012 PFA BONDS. THE SERIES 2012 PFA BONDS DO NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE, IN ANY MANNER, ANY AUTHORITY MEMBER (AS DEFINED HEREIN), THE STATE OF WISCONSIN OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY TAX OR TO MAKE ANY APPROPRIATION FOR PAYMENT OF THE SERIES 2012 PFA BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF WISCONSIN, ANY AUTHORITY MEMBER, ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE SERIES 2012 PFA BONDS NOR THE FAITH AND CREDIT OF THE AUTHORITY SHALL BE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF, OR IF APPLICABLE, ANY SINKING FUND INSTALLMENTS OR INTEREST ON THE SERIES 2012 PFA BONDS. THE AUTHORITY HAS NO TAXING POWER.

INVESTMENT IN THE SERIES 2012B PFA BONDS INVOLVES SIGNIFICANT RISK AND PROSPECTIVE INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT PRIOR TO MAKING AN INVESTMENT DECISION. SEE “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – CERTAIN RISK FACTORS” UNDER “INCLUSION BY SPECIFIC REFERENCE” HEREIN FOR CERTAIN RISK FACTORS. PROSPECTIVE INVESTORS SHOULD ALSO CAREFULLY EVALUATE THE MERITS AND RISKS OF INVESTMENT IN THE SERIES 2012B PFA BONDS AND SHOULD CONFER WITH THEIR LEGAL AND FINANCIAL ADVISORS, AS DEEMED APPROPRIATE.

The Series 2012B PFA Bonds are offered when, as and if issued by the Authority and received by the Underwriters subject to receipt of the approving opinions of Greenberg Traurig, LLP, Philadelphia, Pennsylvania and Chico & Nunes, P.C., Chicago, Illinois, PFA Co-Bond Counsel and certain other conditions. Certain legal matters will be passed upon for the Authority by von Briesen & Roper, s.c., Milwaukee, Wisconsin, the Obligated Group, including the PFA Members, and CalEast CAC, LLC by Greenberg Traurig, LLP, Philadelphia, Pennsylvania and additional local counsel for the Obligated Group, and for the Underwriters by their co-counsel, Winston & Strawn LLP, New York, New York and Greene and Letts, Chicago, Illinois. Delivery of the Series 2012B PFA Bonds is expected to take place through the facilities of DTC in New York, New York on or about September 13, 2012.

Goldman, Sachs & Co.

Cabrera Capital Markets, LLC

Loop Capital Markets

August 24, 2012

\$189,400,000

**PUBLIC FINANCE AUTHORITY
SENIOR AIRPORT FACILITIES REVENUE AND REFUNDING BONDS
(TrIPs Obligated Group),
Series 2012B**

Maturities, Amounts, Interest Rates and Yields

\$55,225,000 5.00% Term Bonds due July 1, 2022; Yield 4.33%, CUSIP[†] 74443CAA1
\$41,265,000 5.25% Term Bonds due July 1, 2028; Yield 4.70%^{††}, CUSIP[†] 74443CAB9
\$92,910,000 5.00% Term Bonds due July 1, 2042; Yield 5.15%, CUSIP[†] 74443CAC7

[†] Copyright, American Bankers Association. CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are provided solely for the convenience of bondholders only at the time of issuance of the Series 2012B PFA Bonds, and the Authority and the Underwriters do not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP numbers for the Series 2012B PFA Bonds are subject to being changed after the issuance of the Series 2012B PFA Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Series 2012B PFA Bonds.

^{††} Yield to the July 1, 2022 optional redemption date.

PFA MEMBERS

**Obligated Group
Member**

Aero Anchorage, LLC
Aero Boylston, LLC
Aero O'Hare Express, LLC
Aero O'Hare, LLC
Aero Rickenbacker, LLC
Aero DFW, LP
Aero DFW II, LP
Aero Lauderdale, LLC
Aero Ft. Myers, LLC
Aero DFW III, LP
Aero DFW FEE, LP
Aero Greensmor, LP
Aero Houston Central, LP
Aero Houston East, LP
Aero Houston East II, LP
Aero Kansas City, LLC
Aero New Orleans 7 Owner, LLC
Aero New Orleans, LLC
Aero Louisville, LLC
Aero Miami I, LLC
Aero Miami II, LLC
Aero Harrisburg, LLC
Aero Milwaukee, LLC
Aero Newark, LLC
Aero Norfolk, LLC
Aero Oklahoma, LLC
Aero Orlando, LLC
Aero Orlando II, LLC
Aero Pensacola, LLC
Aero Philadelphia, LLC
Aero Phil FE, LLC
Aero Phila, LP
Aero Portland ME, LLC
Aero Portland, LLC
Aero Portland II, LLC
Aero South Bend, LLC
Aero Syracuse, LLC

IMPORTANT INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Unlawful Offers. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the Series 2012B PFA Bonds offered hereby, nor shall there be any offer, solicitation or sale of Series 2012B PFA Bonds by any person in any jurisdiction in which such an offer, solicitation or sale is not authorized or in which the person making such offer, solicitation or sale is not qualified to do so, or to any person to whom it is unlawful to make such an offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the Authority, the Obligated Group, the PFA Trustee and the Master Trustee or the Underwriters.

Not a Contract; Not Investment Advice. This Official Statement is not a contract and does not provide investment advice. Investors should consult their financial advisors and legal counsel with questions about this Official Statement and the Series 2012B PFA Bonds being offered, and any other matter related to this bond issue.

No Guarantee of Information. The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The information and expressions of opinion set forth herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the Obligated Group, or in any other matter since the date of this Official Statement.

The information set forth herein, other than that set forth under the captions “THE AUTHORITY” and “LITIGATION – Authority” herein has been provided by the Obligated Group, and not by the Authority. The Authority has provided the information set forth under the captions “THE AUTHORITY” and “LITIGATION – The Authority” herein and makes no representation, warranty or certification as to the adequacy or accuracy of the information set forth elsewhere in this Official Statement.

The order and placement of material in this Official Statement, including its parts and appendices, are not to be deemed a determination of relevance, materiality or importance, and all material in this Official Statement, including each part and all the appendices, must be considered in its entirety.

Reference To Documents. Where statutes, reports, agreements or other documents are referred to herein, reference should be made to such statutes, reports, agreements or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof, and all summaries of such statutes, reports or other documents are qualified in their entirety by reference to such statutes, reports or other documents.

Statements of Expectations. If and when included in this Official Statement, the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates” and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the Obligated Group. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements speak only as of the date of this Official Statement. The Authority, the Underwriters and the Obligated Group disclaim any obligations or undertaking to release publicly any updates or revision to any forward-looking statement contained herein to reflect any change in the expectations of the Obligated Group with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

The prospective financial information included in this Official Statement and the Offering Statement, of which this Official Statement is a part, has been prepared by, and is the responsibility of, AeroTerm US, Inc. (the “*Manager*”). PricewaterhouseCoopers LLP has neither examined, compiled nor performed any procedures with respect to the accompanying prospective financial information and, accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto. The PricewaterhouseCoopers LLP audit report included in this Official Statement and the Offering Statement, of which this Official Statement is a part, relates solely to the historical consolidated financial statements for Cargo Acquisition Company, LLC (including the Initial Members (as defined herein)) for the year ending June 30, 2011. It does not extend to the prospective financial information and should not be read to do so.

No Registration. Upon issuance, the Series 2012B PFA Bonds and related instruments will not be registered under the Securities Act of 1933, as amended, or under any state securities law, and the PFA Indenture and the Master Indenture have not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon the exemptions contained in such Acts. The registration, qualification or exemption therefrom of the Series 2012B PFA Bonds and related instruments in accordance with the applicable securities laws of the jurisdictions wherein the Series 2012B PFA Bonds may be offered or sold shall not be construed as a recommendation of the Series 2012B PFA Bonds by any person. The Series 2012B PFA Bonds will not be listed on any stock or other securities exchange. The Series 2012B PFA Bonds have not been recommended by any federal or state securities commission or regulatory authority, and neither the Securities and Exchange Commission nor any other federal, state or governmental entity or agency will have passed upon the accuracy or adequacy hereof. Any representation to the contrary may be a criminal offense.

Underwriter Transactions. In connection with this offering, the Underwriters may overallocate or effect transactions which stabilize or maintain the market price of the Series 2012B PFA Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing transactions, if commenced, may be discontinued at any time. The Underwriters may offer and sell the Series 2012B PFA Bonds to certain dealers and dealer banks and others at prices lower than the public offering prices stated on the inside cover page hereof, and said public offering price may be changed from time to time by the Underwriters.

Purchase of the Series 2012B PFA Bonds involves significant risk. Prospective investors should read the entire Offering Statement prior to making an investment decision. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – CERTAIN RISK FACTORS” under “INCLUSION BY SPECIFIC REFERENCE” herein for certain factors that prospective purchasers should consider prior to purchasing any of the Series 2012B PFA Bonds.

OFFICIAL STATEMENT

\$189,400,000
PUBLIC FINANCE AUTHORITY
SENIOR AIRPORT FACILITIES REVENUE AND REFUNDING BONDS
(TrIPs Obligated Group)
Series 2012B

INTRODUCTORY STATEMENT**General**

This Official Statement, including the cover page, the inside cover pages and the appendices hereto, and the information incorporated herein, sets forth certain information relating to the offering and sale of the \$189,400,000 Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012B (the “*Series 2012B PFA Bonds*”). Terms used in this Official Statement and not defined herein are defined in “APPENDIX A – Certain Defined Terms” hereto and “PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX F – CERTAIN DEFINED TERMS” under “INCLUSION BY SPECIFIC REFERENCE” herein.

The Series 2012B PFA Bonds are being issued pursuant to a Trust Indenture dated as of September 1, 2012 (the “*PFA Indenture*”) between the Authority and Wells Fargo Bank, National Association, as bond trustee (in such capacity under the PFA Indenture, the “*PFA Trustee*”). See “APPENDIX B – Summary of Certain Provisions of the PFA Indenture” hereto.

The Series 2012B PFA Bonds will be issued as Senior Bonds and secured by Senior Master Trust Indenture Promissory Note, Series 2012-2 and secured on a parity with other Senior Obligations of the Obligated Group and on a senior basis to Subordinate Class B Obligations issued by the Obligated Group, all under the terms of a Master Trust Indenture (Security Agreement), dated as of September 1, 2012, as supplemented by a First Supplemental Master Trust Indenture, dated as of September 1, 2012 (together, the “*Master Indenture*”), among the Initial Members and Wells Fargo Bank, National Association, as Master Trustee (the “*Master Trustee*”). See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – COMMON SECURITY FOR OBLIGATED GROUP” under “INCLUSION BY SPECIFIC REFERENCE” herein.

The Series 2012B PFA Bonds will be sold in denominations of \$5,000 or any integral multiple thereof. Each series of the Series 2012B PFA Bonds will mature on the dates and bear interest at the annual rates set forth on the inside cover page of this Official Statement, and will be subject to optional and mandatory redemption prior to maturity as described under “THE SERIES 2012B PFA BONDS – Redemption Prior to Maturity” herein.

Interest on the Series 2012B PFA Bonds will be computed on the basis of a 360-day year of twelve 30-day months and will be payable on each January 1 and July 1, commencing on January 1, 2013 to maturity (or earlier redemption). The Series 2012B PFA Bonds will be issued as fully registered bonds and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“*DTC*”). DTC will act as securities depository of the Series 2012B PFA Bonds. Purchases will be made only in book-entry form through DTC participants in the authorized denominations described above, and no physical delivery of Series 2012B PFA Bonds will be made to purchasers. So long as Cede & Co., as nominee of DTC, is the registered owner, references to “*Bondholders*” or “*registered owners*” or “*owners*” or “*holder*” shall mean Cede & Co. and shall not mean the beneficial owners of the Series 2012B PFA Bonds, except under the heading “TAX MATTERS” herein. See “THE SERIES 2012B PFA BONDS – Book-Entry Only System” herein.

Interest on the Series 2012B PFA Bonds shall be payable to the persons appearing on the registration books of the PFA Trustee as the registered owners thereof on the Record Date (which shall be the close of business on the 15th day of the month immediately preceding each Interest Payment Date; provided, that if any such day is not a Business Day, the next preceding Business Day), (1) by check or draft mailed on the Interest Payment Date to the registered owners, or (2) by wire transfer on the Interest Payment Date to any owner of at least \$1,000,000 in aggregate principal amount of Series 2012B PFA Bonds upon written notice provided by the owner to the PFA Trustee not later than five (5) Business Days prior to the Record Date for such interest payment. As long as the

Series 2012B PFA Bonds are registered in the name of Cede & Co. as nominee of the DTC, such payments will be made directly to DTC. See “BOOK-ENTRY ONLY SYSTEM” below.

Purpose of Issuance

The Authority is issuing its Series 2012B PFA Bonds to (i) refund certain outstanding municipal bonds, the proceeds of which were used to finance the cost of acquiring, renovating, rehabilitating and/or improving leasehold improvements to certain air cargo facilities located at the airports as described herein under the heading “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – THE FACILITIES, MANAGEMENT AND THE TENANTS – The Facilities” under “INCLUSION BY SPECIFIC REFERENCE” herein on behalf of certain entities affiliated with TrIPs, (ii) fund a Debt Service Reserve Fund under the PFA Indenture and (iii) pay certain costs of issuance relating to the Series 2012B PFA Bonds. See “PLAN OF FINANCE” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

Each PFA Facility is owned by or leased to a particular PFA Member as indicated in “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – THE OBLIGATED GROUP AND THE GROUP REPRESENTATIVE – The Initial Members and Facilities” under “INCLUSION BY SPECIFIC REFERENCE” herein, pursuant to one or more PFA Ground Leases between such lessee and the governmental unit owning the premises on which the PFA Facility is located. A summary of certain provisions of the Ground Leases is attached as “PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE GROUND LEASES” under “INCLUSION BY SPECIFIC REFERENCE” herein. For a summary with respect to each Facility indicating the Airport for each Facility, the major Tenants and the Ground Lease expiration, see “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – THE FACILITIES, MANAGEMENT AND THE TENANTS – The Facilities” under “INCLUSION BY SPECIFIC REFERENCE” herein. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – THE OBLIGATED GROUP AND THE GROUP REPRESENTATIVE – The Initial Members and Facilities” under “INCLUSION BY SPECIFIC REFERENCE” herein for a general description the management of the PFA Facilities.

Series 2012A NYC IDA Bonds and Non-Offered Bonds

Simultaneously with the issuance of the Series 2012 PFA Bonds, the New York City Industrial Development Agency will issue its Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012A (the “*Series 2012A NYC IDA Bonds*”). The Series 2012A NYC IDA Bonds are not offered by this Official Statement.

Simultaneously with the issuance of its Series 2012B PFA Bonds, the Authority will also issue its (i) \$27,675,000 Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012C (the “*Series 2012C PFA Bonds*”), (ii) \$11,535,000 Public Finance Authority Subordinate Class B Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012D (the “*Series 2012D PFA Bonds*”), (iii) \$16,280,000* Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012E (the “*Series 2012E PFA Bonds*”) and (iv) \$54,465,000* Public Finance Authority Subordinate Class B Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012F (the “*Series 2012F PFA Bonds*”) and collectively with the Series 2012B PFA Bonds, the Series 2012C PFA Bonds, the Series 2012D PFA Bonds and the Series 2012E PFA Bonds, the “*Series 2012 PFA Bonds*”). The Series 2012C PFA Bonds, the Series 2012D PFA Bonds, the Series 2012E PFA Bonds and the Series 2012F PFA Bonds (collectively, the “*Non-Offered Bonds*”) are not offered by this Official Statement and will not be offered or sold to the public and will be sold directly to CalEast Air Cargo Investors, LLC (“*CalEast*”). CalEast is not a Member of the Obligated Group. CalEast, through a number of affiliated subsidiary entities will contemporaneously with the issuance of the Series 2012 Bonds, become the indirect owner of each of the Initial Members.

The Series 2012C PFA Bonds and the Series 2012D PFA Bonds will be sold simultaneously with the Series 2012B PFA Bonds and pricing and sale information relating to such bonds will be reflected in the final Offering

* Amounts relating to the Series 2012E PFA Bonds and the Series 2012F PFA Bonds will be finalized upon the sale of such bonds on September 10, 2012. Pricing and sale information relating to the Series 2012E PFA Bonds and the Series 2012F PFA Bonds will be reflected in a supplement to the final Offering Statement to be distributed not more than seven (7) business days after the sale of such bonds.

Statement distributed with respect to the Offered Bonds. The Series 2012E PFA Bonds and the Series 2012F PFA Bonds will be sold not less than fifteen (15) days after the sale of the Series 2012B PFA Bonds and pricing and sale information relating to such bonds will be reflected in a supplement to the final Offering Statement to be distributed not more than seven (7) business days after the sale of such bonds.

The payment obligations of the Obligated Group with respect to the Series 2012A NYC IDA Bonds, the Series 2012B PFA Bonds, the Series 2012C PFA Bonds and the Series 2012E PFA Bonds (collectively, the “*Series 2012 Senior Bonds*”) will be secured as Senior Obligations of the Obligated Group. The payment obligations of the Obligated Group with respect to the Series 2012D PFA Bonds and the Series 2012F PFA Bonds will be secured as Subordinate Class B Obligations of the Obligated Group (collectively, the “*Series 2012 Subordinate Class B Bonds*”).

The four Senior Notes (defined herein) securing the Series 2012 Senior Bonds will be payable and secured as Senior Obligations of the Obligated Group under the Master Indenture. The Obligated Group is also issuing two Subordinate Class B Obligations in the form of indemnity agreements (the “*Indemnity Obligations*”), one to the NYC IDA and one to the Authority (collectively, the “*Indemnities*”). Neither of the Indemnity Obligations will have a principal amount or accrue interest unless and until an amount is owed thereunder. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – COMMON SECURITY FOR OBLIGATED GROUP – Additional Bonds/Additional Obligations” under “INCLUSION BY SPECIFIC REFERENCE” herein. The two Subordinate Class B Notes (defined herein) securing the Series 2012 Subordinate Class B Bonds will be payable and secured as Subordinate Class B Obligations of the Obligated Group under the Master Indenture. The Senior Notes will be senior in lien and payment to the Subordinate Class B Notes. The Series 2012 Senior Bonds will be the first four series of Senior Bonds secured under the Master Indenture. The Series 2012 Subordinate Class B Bonds will be the first two series of Subordinate Class B Bonds secured under the Master Indenture.

Security for the Series 2012B PFA Bonds; the Obligated Group; Other Parity Debt of the Obligated Group

PFA Loan Agreement. The refinancing of the PFA Facilities will be accomplished by making the proceeds of the Series 2012 PFA Bonds available to the PFA Members, pursuant to a Loan and Security Agreement, between the Authority and the PFA Members dated as of September 1, 2012 (the “*PFA Loan Agreement*”). Pursuant to the PFA Loan Agreement, the PFA Members will be obligated to make loan payments at the times and in the amounts sufficient to collectively make timely payment of the principal, interest and redemption price of the Series 2012B PFA Bonds as the same become due and payable. See “SECURITY FOR THE SERIES 2012B PFA BONDS” herein.

In order to secure the Authority’s limited obligation to pay the principal or Redemption Price of, if applicable, Sinking Fund Installments, and interest on the Series 2012B PFA Bonds, the Authority will assign and pledge to the PFA Trustee and grant to the PFA Trustee a first priority security interest in the funds created by such PFA Indenture (other than any rebate fund) all of the PFA’s right, title and interest in the trust estate established under the PFA Indenture including, without limitation, all of the Authority’s right, title and interest in the PFA Loan Agreement (except for such Authority’s rights of notice, rights to indemnification and rights to the payment of fees and expenses under such agreements) and all revenues, payments, receipts and moneys to be received and held thereunder.

A summary of certain provisions of the PFA Loan Agreement is attached as “Appendix C” hereto.

Notes Secure Obligations of the PFA Members Under the PFA Loan Agreement. The obligations of the PFA Members under the PFA Loan Agreement with respect to the Series 2012B PFA Bonds, the Series 2012C PFA Bonds and the Series 2012E PFA Bonds will be secured by three separate Senior Master Trust Indenture Promissory Notes, Series 2012-2, Series 2012-3 and Series 2012-4, respectively (the “*Senior Note No. 2*,” the “*Senior Note No. 3*” and the “*Senior Note No. 4*,” respectively, and collectively, the “*Senior PFA Notes*”). The Senior Notes be issued on a parity basis as “Senior” Obligations under the Master Indenture. The obligations of the PFA Members under the PFA Loan Agreement with respect to the Series 2012D PFA Bonds and the Series 2012F PFA Bonds (the “*Series 2012 Subordinate Class B Bonds*”) will be secured by two separate Subordinate Class B Master Trust Indenture Promissory Notes, Series 2012-1 and Series 2012-2, respectively (the “*Subordinate Class B Note No. 1*” and the “*Subordinate Class B Note No. 2*,” respectively, and collectively, the “*Subordinate Class B Notes*” and together, with the Senior Notes and any other Master Trust Indenture Promissory Notes issued under the Master

Indenture, the “Notes”). The Senior Notes and the Subordinate Class B Notes will be issued and dated the date of issue of the Series 2012B PFA Bonds and issued by the Obligated Group under the Master Indenture. Each of the Members of the Obligated Group will be jointly and severally liable on Obligations issued under the Master Indenture, as described in “PART III – OFFICIAL STATEMENT FOR THE SERIES 2012A NYC IDA BONDS” under “INCLUSION BY SPECIFIC REFERENCE” herein (altogether, the “Senior Notes”), together with other Master Trust Indenture Promissory Notes issued under the Master Indenture, including Subordinate Class A Obligations and additional Subordinate Class B Obligations, such as the Subordinate Class B Notes.

After the issuance of the Series 2012B PFA Bonds, the Obligated Group will continue to be permitted to issue additional obligations including Senior Notes, Subordinate Class A Notes and Subordinate Class B Notes under the Master Indenture upon satisfaction of the conditions specified in the Master Indenture. See “SECURITY FOR THE SERIES 2012B PFA BONDS – Additional Bonds/Additional Obligations” herein.

As used in this Official Statement, the Senior Notes and any other Senior Master Trust Indenture Promissory Notes issued under the Master Indenture, together with other Master Trust Indenture Promissory Notes issued under the Master Indenture, including Subordinate Class A Obligations and additional Subordinate Class B Obligations, are sometimes collectively referred to as the “Notes” and the Series 2012 Senior PFA Bonds and the Series 2012A NYC IDA Bonds are sometimes collectively referred to as the “Senior Bonds.”

Security Pledged by Obligated Group; Gross Revenues; Mortgages; Pledge Agreements

The Members of the Obligated Group, to secure their obligations evidenced by the Notes and any Additional Obligations (as defined in the Master Indenture) issued pursuant to the Master Indenture, will assign and pledge to the Master Trustee and grant a first priority security interest with respect to the Senior Notes to the Master Trustee in all Funds held under the Master Indenture (other than the Rebate Fund) and all right, title and interest in the Gross Revenues and will execute the Mortgages (defined below). See “PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE” under “INCLUSION BY SPECIFIC REFERENCE” herein. The Master Indenture requires that Gross Revenues **(other than amounts to be paid or which have accrued that month under each of the Ground Leases within, or allocable to, the then current month)** be deposited with the Master Trustee to be applied as provided in the Master Indenture. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – COMMON SECURITY FOR OBLIGATED GROUP – Flow of Funds” under “INCLUSION BY SPECIFIC REFERENCE” herein.

For the purpose of securing its joint and several obligations under the Master Indenture, including the Senior Notes, certain Members have entered into a mortgage, deed of trust or leasehold mortgage in all or a portion of its Facility made in favor of the Master Trustee (the “Mortgages”). Under the Mortgages, the PFA Trustee and any other holder of the Notes will have a first priority security interest in the leasehold interests covered by the Mortgages. See “PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE MORTGAGES” for a summary of certain provisions of the form of Mortgage and the significant material non-uniform terms, if any, of each individual Mortgage.

The Obligations issued under the Master Indenture, including the Senior Notes and the Subordinate Class B Notes, are secured by: (i) a pledge of Gross Revenues of each of the Members of the Obligated Group; (ii) the Mortgages; (iii) a membership interest pledge and security agreement by CalEast CAC, LLC to the Master Trustee of its membership interests in TriPs; and (iv) a membership interest pledge and security agreement by TriPs to the Master Trustee of its ownership interests in each Member of the Obligated Group. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – COMMON SECURITY FOR OBLIGATED GROUP – Membership Interest Pledge Agreements” under “INCLUSION BY SPECIFIC REFERENCE” herein.

THE SENIOR NOTES WILL CONSTITUTE THE JOINT AND SEVERAL OBLIGATIONS OF EACH MEMBER OF THE OBLIGATED GROUP UNDER THE MASTER INDENTURE. GROSS REVENUES OF THE OBLIGATED GROUP DEPOSITED PURSUANT TO THE MASTER INDENTURE WILL BE APPLIED TO SATISFY PAYMENT OF ALL SENIOR OBLIGATIONS (INCLUDING, WITHOUT LIMITATION, THE SENIOR PFA NOTES) IN ACCORDANCE WITH THE PRIORITY OF THE MASTER INDENTURE OBLIGATION (SEE “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA

BONDS AND THE SERIES 2012 PFA BONDS – COMMON SECURITY FOR OBLIGATED GROUP – MORTGAGES,” “ – MASTER INDENTURE – GROSS REVENUE PLEDGE” AND “– FLOW OF FUNDS” UNDER “INCLUSION BY SPECIFIC REFERENCE”), ON A PARITY BASIS, INCLUDING, WITHOUT LIMITATION, SENIOR NOTE NO. 1, SENIOR NOTE NO. 2, SENIOR NOTE NO. 3 AND SENIOR NOTE NO. 4. HOWEVER, (A) FAILURE BY ANY MEMBER TO SATISFY ANY PAYMENT OBLIGATIONS UNDER THE IDA INSTALLMENT SALE AGREEMENT AND THE PFA LOAN AGREEMENT, AS APPLICABLE (THE NYC IDA INSTALLMENT SALE AGREEMENT AND THE PFA LOAN AGREEMENT ARE SOMETIMES COLLECTIVELY REFERRED TO HEREIN AS THE “*FINANCING AGREEMENTS*”), (B) THE OCCURRENCE OF AN EVENT OF DEFAULT UNDER EITHER FINANCING AGREEMENT OR A RELATED MORTGAGE, OR (C) THE OCCURRENCE OF AN EVENT OF DEFAULT UNDER THE RELATED INDENTURE, WILL CONSTITUTE AN EVENT OF DEFAULT UNDER THE MASTER INDENTURE AND UNDER EACH OF THE FINANCING AGREEMENTS, MORTGAGES AND INDENTURES, WHICH MAY RESULT IN ACCELERATION OF ALL OR A PORTION OF THE OFFERED BONDS. SEE “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – COMMON SECURITY FOR OBLIGATED GROUP – MASTER INDENTURE – GROSS REVENUE PLEDGE” UNDER “INCLUSION BY SPECIFIC REFERENCE” HEREIN.

Sources of Payment for the Series 2012B PFA Bonds

Each Member has subleased (or leased with respect to fee owned Facilities) its Facility to one or more Tenants who will use all or a portion of such Facility to conduct freight or air cargo operations, other aviation-related businesses, or other businesses permitted under the Ground Leases and will pay rent to such Member pursuant to a sublease (each such existing or future sublease, a “*PFA Tenant Lease*” and collectively, the “*PFA Tenant Leases*”). See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – THE FACILITIES, MANAGEMENT AND THE TENANTS” under “INCLUSION BY SPECIFIC REFERENCE” herein. Such rent constitutes the only source of revenue of the Members. Each such PFA Member’s interest in its respective PFA Tenant Lease(s) in those portions of the PFA Facilities covered by the Mortgages, along with its leasehold interest in the applicable PFA Facility, has been assigned to the Master Trustee and is security for its obligations under the Master Indenture.

THE VARIOUS TENANTS OF THE FACILITIES SUBLEASED (OR LEASED WITH RESPECT TO FEE OWNED FACILITIES) BY THE MEMBERS OF THE OBLIGATED GROUP DO NOT HAVE, AND WILL NOT HAVE, ANY OBLIGATION TO MAKE ANY PAYMENTS WITH RESPECT TO THE SERIES 2012B PFA BONDS AND ARE OBLIGATED ONLY TO PAY RENT UNDER THEIR RESPECTIVE PFA TENANT LEASES.

Additional Bonds/Additional Obligations

The PFA Indenture provides that Additional Bonds ranking on a parity with Senior Bonds, or Additional Bonds subordinate thereto including Subordinate Class A Bonds and Subordinate Class B Bonds (collectively, “*Subordinate Class B Bonds*”), as applicable, authorized by the PFA Indenture (collectively, “*Additional Bonds*”) may be issued upon satisfaction of certain conditions set forth in the PFA Indenture. Such additional bonds may be issued without Bondholders’ consent upon satisfaction of the conditions of the PFA Indenture and the Master Indenture with respect to such additional bonds and the issuance of additional notes or other obligations under the Master Indenture to secure the same. Moreover, Additional Bonds and Additional Obligations (as defined in “PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX F – CERTAIN DEFINED TERMS” under “INCLUSION BY SPECIFIC REFERENCE” herein) may be issued to provide proceeds to the Members of the Obligated Group to finance additional projects in accordance with the provisions of the Master Indenture. See “SECURITY FOR THE SERIES 2012B PFA BONDS – Additional Bonds/Additional Obligations” herein.

Limitations of Sources of Repayment

THE MEMBERS OF THE OBLIGATED GROUP HAVE NO SIGNIFICANT ASSETS, OTHER THAN FEE INTERESTS IN CERTAIN FACILITIES, THE GROUND LEASES IN CERTAIN FACILITIES AND THE TENANT LEASES, AND PAYMENT OF THE SERIES 2012B PFA BONDS IS THEREFORE DEPENDENT UPON REVENUES GENERATED BY THE TENANT LEASES. FURTHER, THE TERMS OF ALL OF THE CURRENT TENANT LEASES EXPIRE PRIOR TO THE FINAL MATURITY DATE OF THE SERIES 2012B PFA BONDS. PROSPECTIVE INVESTORS SHOULD READ “PART II – INFORMATION RELATING TO

BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – CERTAIN RISK FACTORS” UNDER “INCLUSION BY SPECIFIC REFERENCE” HEREIN FOR A DESCRIPTION OF CERTAIN RISKS WHICH MAY AFFECT THE ABILITY OF THE OBLIGATED GROUP TO GENERATE SUCH REVENUES.

Limited Obligations

THE SERIES 2012 PFA BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM THE TRUST ESTATE PLEDGED FOR THEIR PAYMENT UNDER THE PFA INDENTURE AND EXCEPT FROM SUCH SOURCE, NEITHER THE AUTHORITY, THE STATE OF WISCONSIN, ANY POLITICAL SUBDIVISION THEREOF NOR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE SERIES 2012 PFA BONDS SHALL BE OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF, OR IF APPLICABLE, ANY SINKING FUND INSTALLMENTS OR INTEREST ON THE SERIES 2012 PFA BONDS. THE SERIES 2012 PFA BONDS DO NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE, IN ANY MANNER, ANY AUTHORITY MEMBER, THE STATE OF WISCONSIN OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY TAX OR TO MAKE ANY APPROPRIATION FOR PAYMENT OF THE SERIES 2012 PFA BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF WISCONSIN, ANY AUTHORITY MEMBER, ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE SERIES 2012 PFA BONDS NOR THE FAITH AND CREDIT OF THE AUTHORITY SHALL BE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF, OR IF APPLICABLE, ANY SINKING FUND INSTALLMENTS OR INTEREST ON THE SERIES 2012 PFA BONDS. THE AUTHORITY HAS NO TAXING POWER.

NEITHER THE MEMBERS, DIRECTORS, OFFICERS OR AGENTS OF THE AUTHORITY NOR ANY PERSON EXECUTING THE SERIES 2012 PFA BONDS SHALL BE LIABLE PERSONALLY OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE THEREOF.

ACCORDINGLY, NO FINANCIAL INFORMATION WITH RESPECT TO THE AUTHORITY HAS BEEN INCLUDED IN THIS OFFICIAL STATEMENT.

THE AUTHORITY HAS NOT VERIFIED, AND DOES NOT REPRESENT IN ANY WAY, THE ACCURACY OR COMPLETENESS OF ANY OF THE INFORMATION SET FORTH IN THIS OFFICIAL STATEMENT OTHER THAN THAT INFORMATION SET FORTH UNDER THE HEADINGS “THE AUTHORITY” AND “LITIGATION – THE AUTHORITY” HEREIN.

Other Information

The information contained in this Introductory Statement is only a brief description and a full review should be made of the entire Official Statement including the Appendices and any documents or information incorporated herein by reference. This Introductory Statement is expressly qualified by reference to the entire Official Statement. This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change without notice. Summaries and descriptions of certain provisions of the PFA Indenture and the PFA Loan Agreement are included in Appendices B and C, respectively. Those descriptions and summaries do not purport to be comprehensive or definitive, and all references in this Official Statement to the PFA Indenture and the PFA Loan Agreement are qualified in their entirety by reference to those documents, and all references to the Series 2012B PFA Bonds are qualified by reference to the definitive form of the Series 2012B PFA Bonds contained in the PFA Indenture. Copies of those documents may be obtained from Goldman, Sachs & Co., 200 West Street, New York, New York 10282, and such documents will also be on file at the designated corporate trust office of the PFA Trustee.

The purchase of the Series 2012B PFA Bonds involves a significant degree of risk. Prospective purchasers should carefully consider the information under the caption “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – CERTAIN RISK FACTORS” under “INCLUSION BY SPECIFIC REFERENCE” herein.

INCLUSION BY SPECIFIC REFERENCE

Portions of the Offering Statement dated the date hereof delivered together with this Official Statement subject to the information contained elsewhere herein, are included by specific reference namely the following Parts and sub-parts:

PART I – SUMMARY OF OFFERING

PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS

PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS

THE AUTHORITY

Formation and Governance of the Authority

In early 2010, both houses of the Wisconsin Legislature passed 2009 Wisconsin Act 205 (the “*Act*”) which was signed into law by the Governor of the State of Wisconsin (the “*State*”) on April 21, 2010. The Act added Section 66.0304 to the Wisconsin Statutes providing the authority for two or more political subdivisions to create a commission to issue bonds under that Section of the Wisconsin Statutes. Before an agreement for the creation of such a commission can take effect, the Act required that such agreement be submitted to the Attorney General of the State to determine whether the agreement is in proper form and compatible with the laws of the State. The Authority was formed upon execution of a Joint Powers Agreement Relating to the Authority dated as of June 30, 2010, as amended by an Amended and Restated Joint Exercise of Powers Agreement Relating to the Authority, dated September 28, 2010 (the “*Agreement*”), among Adams County, Wisconsin, Bayfield County, Wisconsin, Marathon County, Wisconsin, Waupaca County, Wisconsin and the City of Lancaster, Wisconsin (each an “*Authority Member*” and, collectively, the “*Authority Members*”). The Agreement was submitted to the Attorney General and was approved by the Attorney General on September 30, 2010. The Act provides that only one commission may be formed thereunder.

Pursuant to the Act, the Authority is a unit of government and a body corporate and politic separate and distinct from, and independent of, the State and the Authority Members. The Authority was established by local governments, primarily for local governments, for the public purpose of providing local governments a means to efficiently and reliably finance projects that benefit local governments, nonprofit organizations, and other eligible private borrowers in the State and throughout the country.

Powers

Under the Act, the Authority has all of the powers necessary or convenient to any of the purposes of the Act, including the power to issue bonds, notes or other obligations or refunding obligations to finance or refinance a project, make loans to, lease property from or to enter into agreements with a participant or other entity in connection with financing a project. The proceeds of bonds issued by the Authority may be used for a project in the State or any other state. The Act defines “project” as any capital improvement, purchase of receivables, property, assets, commodities, bonds or other revenue streams or related assets, working capital program, or liability or other insurance program, located within or outside of the State. Financing for all “capital improvement projects,” inside and outside the State, requires approval from at least one political subdivision within whose boundaries the capital improvement project is located. Financing for “capital improvement projects” in the State must be approved by all of the political subdivisions within whose boundaries the capital improvement project is located.

State Pledge

Under Section 66.0304(12) of the Wisconsin Statutes, the State of Wisconsin pledges to and agrees with the Bondholders, and persons that enter into contracts with a commission under Section 66.0304 that the State will not limit, impair, or alter the rights and powers vested in a commission by Section 66.0304 before the commission has met and discharged the Series 2012B PFA Bonds and any interest due on the Series 2012B PFA Bonds and has

fully performed its contracts, unless adequate provision is made by law for the protection of the Bondholders or those entering into contracts with the Authority.

The Board of Directors of the Authority

The Board of Directors (the “*Board*”) consists of seven directors (each a “*Director*” and collectively, the “*Directors*”), a majority of which are required to be public officials or current or former employees of a political subdivision located in the State. The Directors serve staggered three-year terms. The Directors are selected by majority vote of the Board based upon nomination from the organization that nominated the predecessor Director. Four Directors are nominated by the Wisconsin Counties Association, and one Director is nominated from each of the National League of Cities, the National Association of Counties and the League of Wisconsin Municipalities. Directors and alternate Directors may be removed and replaced at any time by the Board upon recommendation of the applicable organization that nominated such Director. The current Directors are:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>	<u>Position</u>
William Kacvinsky	Chair	06/01/15	Bayfield County, Wisconsin, Board Chair
Jerome Wehrle	Vice Chair	06/01/15	Mayor, City of Lancaster, Wisconsin
Heidi Dombrowski	Treasurer	06/01/13	Waupaca County, Wisconsin, Finance Director
John West	Secretary	06/01/13	Adams County, Wisconsin, Supervisor
Bob Inzer	Member	06/01/14	Leon County, Florida, Clerk of Courts
Paul D. Radford	Member	06/01/14	Deputy Director, Georgia Municipal League
Eldon Skogen	Member	06/01/13	Former Supervisor, Rusk County, Wisconsin

The Series 2012 PFA Bonds Are Special Limited Obligations of the Authority

THE SERIES 2012 PFA BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM THE TRUST ESTATE PLEDGED FOR THEIR PAYMENT UNDER THE PFA INDENTURE AND EXCEPT FROM SUCH SOURCE, NEITHER THE AUTHORITY, THE STATE OF WISCONSIN, ANY POLITICAL SUBDIVISION THEREOF NOR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE SERIES 2012 PFA BONDS SHALL BE OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF, OR IF APPLICABLE, ANY SINKING FUND INSTALLMENTS OR INTEREST ON THE SERIES 2012 PFA BONDS. THE SERIES 2012 PFA BONDS DO NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE, IN ANY MANNER, ANY AUTHORITY MEMBER, THE STATE OF WISCONSIN OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY TAX OR TO MAKE ANY APPROPRIATION FOR PAYMENT OF THE SERIES 2012 PFA BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF WISCONSIN, ANY AUTHORITY MEMBER, ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE SERIES 2012 PFA BONDS NOR THE FAITH AND CREDIT OF THE AUTHORITY SHALL BE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF, OR IF APPLICABLE, ANY SINKING FUND INSTALLMENTS OR INTEREST ON THE SERIES 2012 PFA BONDS. THE AUTHORITY HAS NO TAXING POWER.

The Authority expects to sell and deliver obligations other than the Series 2012 PFA Bonds, which other obligations are and will be secured by instruments separate and apart from the PFA Indenture and the Series 2012 PFA Bonds. The holders of such obligations of the Authority will have no claim on the security for the Series 2012 PFA Bonds, and the owners of the Series 2012 PFA Bonds will have no claim on the security for such other obligations issued by the Authority.

Limited Involvement of the Authority

The Authority has not reviewed any appraisal for the PFA Facilities or any feasibility study or other financial analysis of the PFA Facilities and has not undertaken to review or approve expenditures for the PFA Facilities, to supervise the construction of the PFA Facilities, or to obtain any financial statements of the Obligated Group.

The Authority has not reviewed this Official Statement and is not responsible for any information contained herein except for the information in this section and under the caption “LITIGATION – The Authority” herein as such information applies to the Authority.

Authority Contact

The PFA may be contacted at: Mr. Jonathan Penkower, Public Finance Authority, c/o the Wisconsin Counties Association, 22 E. Mifflin Street, Suite 900, Madison, Wisconsin 53703; phone: (888) 508-7188 ext. 864; email: “jpenkower@pfauthority.org.”

THE SERIES 2012B PFA BONDS

General

The Series 2012B PFA Bonds will be issued as fully registered bonds in the principal amounts as set forth on the inside cover page of this Official Statement. The Series 2012B PFA Bonds will be dated their date of delivery and will be issued only as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Interest on the Series 2012B PFA Bonds will be computed on the basis of a 360-day year of twelve 30-day months and will be payable on each January 1 and July 1, commencing on January 1, 2013 to maturity (or earlier redemption), at the rates and will mature on the dates and in the amounts and bear interest at the annual rates set forth on the inside cover page of this Official Statement. The Series 2012B PFA Bonds will be issued as fully registered bonds and will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Series 2012B PFA Bonds. Purchases will be made only in book-entry form through DTC participants in the authorized denominations described above, and no physical delivery of Series 2012B PFA Bonds will be made to purchasers. So long as Cede & Co., as nominee of DTC, is the registered owner, references to “*Bondholders*” or “*registered owners*” or “*owners*” or “*holder*” shall mean Cede & Co. and shall not mean the beneficial owners of the Series 2012B PFA Bonds, except under the heading “TAX MATTERS” herein. See “THE SERIES 2012B PFA BONDS – Book-Entry Only System” herein.

Redemption Prior to Maturity

Optional Redemption. The Series 2012B PFA Bonds maturing on July 1, 2028 and July 1, 2042 are subject to optional redemption, upon the written direction of the Group Representative to the PFA Trustee, prior to maturity on or after July 1, 2022 in whole at any time, or in part from time to time, at a redemption price equal to the principal amount thereof plus interest accrued to the redemption date.

Extraordinary Optional Redemption. The Series 2012B PFA Bonds are subject to redemption, in whole or in part, without premium, to the extent required by the Master Indenture following certain damage or condemnation events affecting any or all Facilities, on any date specified by the Obligated Group Representative. Series 2012B PFA Bonds redeemed as described in this paragraph shall be redeemed at a redemption price equal to the unpaid principal amount thereof, without premium, plus accrued interest to the redemption date. The particular Series 2012B PFA Bonds to be redeemed shall be selected in accordance with the provisions of the PFA Indenture. See “– Selection of Series 2012B PFA Bonds to Be Redeemed” below. THE EXTRAORDINARY OPTIONAL REDEMPTION OF SERIES 2012B PFA BONDS DOES NOT RELEASE THE PFA MEMBER RECEIVING THE PROCEEDS OF SUCH SERIES 2012B PFA BONDS FROM ITS JOINT AND SEVERAL OBLIGATIONS UNDER THE FINANCING AGREEMENT OR MASTER INDENTURE OR RESULT IN THE RELEASE OF THE MORTGAGE OF SUCH PFA MEMBER’S LEASEHOLD INTEREST IN ITS PFA FACILITY SO LONG AS ITS PFA GROUND LEASE REMAINS IN EFFECT, UNTIL ALL OF THE NOTES HAVE BEEN PAID IN FULL OR UNTIL THE PFA MEMBER WOULD OTHERWISE BE RELEASED IN ACCORDANCE WITH THE PROVISIONS OF THE MASTER INDENTURE. See “PART II – INFORMATION RELATING TO BOTH THE

SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – CERTAIN RISK FACTORS – Risks Arising Under the Ground Leases” and “PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE MORTGAGES.” See also “PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Damage, Destruction and Condemnation” hereto for a description of the consequences of any damage, destruction, condemnation or taking with respect to any Facility and “PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Cessation of Status as Member” herein for a description of release of a Member from its obligations under the Master Indenture.

Special Mandatory Redemption upon Sale of Asset. In the event the Series 2012B PFA Bonds are not subject to optional redemption as described above, upon the sale of an asset by the Obligated Group to a Person not constituting a Member of the Obligated Group, the applicable portion of the Series 2012B PFA Bonds are subject to special mandatory redemption in the years following the date of issuance of the Series 2012B PFA Bonds, as set forth below, at a Redemption Price equal to the percentage set forth below of the Accreted Value (as defined below) of the principal amount thereof to be redeemed, plus accrued interest to the redemption date.

The “Accreted Value” of a Series 2012B PFA Bond:

- (a) on any interest payment date shall be, the value set forth in the “Accreted Values for the Series 2012B PFA Bonds Based on \$5,000 Par Amount of Bonds” table below for each \$5,000 par amount of such Series 2012B PFA Bond; and
- (b) on any date between interest payment dates shall be determined on the basis of a straight line interpolation between the Accreted Values for the prior interest payment date and the succeeding interest payment date, based upon a 30-day month.

<u>Redemption Dates (both dates inclusive)</u>	<u>Percentage of Accreted Value</u>
Date of Issuance through June 30, 2017	110%
July 1, 2017 through June 30, 2018	109
July 1, 2018 through June 30, 2019	108
July 1, 2019 through June 30, 2020	107
July 1, 2020 through June 30, 2021	106
July 1, 2021 through June 30, 2022	105
July 1, 2022 and thereafter	100

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Accreted Values for the Series 2012B PFA Bonds Based on \$5,000 Par Amount of Bonds

<u>Redemption Date</u>	<u>Maturity (July 1)</u>		
	<u>2022</u>	<u>2028</u>	<u>2042</u>
1/1/2013	\$5,258.65	\$5,208.75	\$4,886.85
7/1/2013	5,247.50	5,199.90	4,887.65
1/1/2014	5,236.10	5,190.85	4,888.55
7/1/2014	5,224.45	5,181.60	4,889.40
1/1/2015	5,212.55	5,172.10	4,890.30
7/1/2015	5,200.40	5,162.40	4,891.25
1/1/2016	5,188.00	5,152.50	4,892.20
7/1/2016	5,175.35	5,142.30	4,893.15
1/1/2017	5,162.40	5,131.90	4,894.15
7/1/2017	5,149.15	5,121.25	4,895.20
1/1/2018	5,135.60	5,110.35	4,896.25
7/1/2018	5,121.80	5,099.20	4,897.30
1/1/2019	5,107.70	5,087.80	4,898.45
7/1/2019	5,093.30	5,076.10	4,899.55
1/1/2020	5,078.55	5,064.15	4,900.75
7/1/2020	5,063.50	5,051.90	4,901.90
1/1/2021	5,048.15	5,039.35	4,903.15
7/1/2021	5,032.40	5,026.55	4,904.40
1/1/2022	5,016.35	5,013.40	4,905.70

THE SPECIAL MANDATORY REDEMPTION IN PART OF SERIES 2012B PFA BONDS DOES NOT RELEASE THE PFA MEMBER RECEIVING THE PROCEEDS OF SUCH SERIES 2012B PFA BONDS FROM ITS OBLIGATIONS UNDER THE PFA LOAN AGREEMENT OR THE MASTER INDENTURE. See “PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE” for a description of release of a Member from its obligations under the Master Indenture.

Mandatory Redemption upon the Occurrence of a Determination of Taxability. Upon the occurrence of a Determination of Taxability (as defined below), the Series 2012B PFA Bonds are subject to mandatory redemption in whole or in part on the earliest practicable date for which notice can be given (but in any event no later than sixty (60) days after the PFA Trustee has actual knowledge thereof) at a redemption price equal to 100% of the principal amount thereof, plus accrued interest.

“*Determination of Taxability*” means, with respect to the Series 2012B PFA Bonds, as a whole or any Multi-Purpose Subissue, a determination that the interest income on the Series 2012B PFA Bonds, as a whole or such Multi-Purpose Subissue, does not qualify as being excludable from the gross income of the holder thereof (“*exempt interest*”) for any reason other than that such holder is a “substantial user” of the Facility or a “related person” as such terms are defined in Section 147 of the Code, which determination shall be deemed to have been made upon the first to occur of any of the following: (a) the date on which any change in law or regulation becomes effective or on which the Internal Revenue Service issues any private ruling, technical advice memorandum or any other written communication to the effect that the interest income on any of the Series 2012B PFA Bonds, as a whole or such Multi-Purpose Subissue, does not qualify as exempt interest; (b) the date on which the PFA Members shall receive notice from the PFA Trustee in writing that the PFA Trustee has been advised by any holder or former holder that the Internal Revenue Service has issued a thirty-day letter or other notice which asserts that the interest on any such Series 2012B PFA Bond does not qualify as such exempt interest; or (c) the date on which the PFA Trustee receives written notice from any Bondholder that the PFA Members or the Authority has taken any action inconsistent with, or has failed to act consistently with, the tax-exempt status of interest on the Series 2012B PFA Bonds (or such Multi-Purpose Subissue), provided that no Determination of Taxability shall be deemed to have occurred as a result of a determination by any Bondholder pursuant to clause (c) above unless such determination is supported by an Opinion of Bond Counsel to the effect that the interest income on Series 2012B PFA Bonds (or such Multi-Purpose Subissue) does not constitute exempt interest and that the Series 2012B PFA Bonds do not

qualify for a remedial action under the applicable regulations, compliance with which would render the interest on the Series 2012B PFA Bonds exempt.

Mandatory Sinking Fund Redemption of Series 2012B PFA Bonds. The Series 2012B PFA Bonds described below are subject to mandatory sinking fund redemption in part by lot on July 1 of the years and in the respective principal amounts set forth below, at a Redemption Price equal to the principal amount thereof, from mandatory Sinking Fund payments which will be made in amounts sufficient to redeem, on July 1 of each of the following years, the principal amount of the Series 2012B PFA Bonds set forth opposite such year below:

\$55,225,000 Series 2012B Term Bonds
Maturing on July 1, 2022

YEAR (July 1)	AMOUNT
2014	\$ 4,400,000
2015	1,405,000
2016	6,670,000
2017	2,405,000
2018	7,340,000
2019	7,705,000
2020	11,045,000
2021	8,655,000
2022 [†]	5,600,000

\$41,265,000 Series 2012B Term Bonds
Maturing on July 1, 2028

YEAR (July 1)	AMOUNT
2023	\$ 8,655,000
2024	8,975,000
2025	9,775,000
2026	6,525,000
2027	4,320,000
2028 [†]	3,015,000

[†] Final Maturity.

\$92,910,000 Series 2012B Term Bonds
Maturing on July 1, 2042

YEAR (July 1)	AMOUNT
2029	\$ 8,140,000
2030	7,690,000
2031	7,370,000
2032	6,560,000
2033	5,515,000
2034	5,850,000
2035	5,690,000
2036	5,795,000
2037	5,995,000
2038	6,525,000
2039	7,245,000
2040	7,175,000
2041	7,990,000
2042 [†]	5,370,000

[†] Final Maturity.

Selection of Series 2012B PFA Bonds to Be Redeemed. In connection with any partial redemption of any Series 2012B PFA Bonds other than a sinking fund redemption, the Group Representative shall specify the series of Series 2012B PFA Bonds to be redeemed and the maturities therein to be redeemed, which selection shall be made in accordance with applicable federal tax requirements and in accordance with the requirements of the Master Indenture (see the applicable optional redemption descriptions above for the applicable Master Indenture requirements) and if no series or maturities are so specified, the PFA Trustee shall make a pro rata redemption within maturities. So long as the Series 2012B PFA Bonds are in the Book-Entry Only System, when Series 2012B PFA Bonds are called, allocation within each maturity shall be made by DTC or any successor securities depository. See “– Book-Entry Only System” below.

Notice and Effect of Redemption. The PFA Trustee shall give notice of such redemption in the name of the Authority specifying the subsection of the PFA Indenture under which the redemption is to be made, the series, maturities, numbers and amounts of the Series 2012B PFA Bonds or portions thereof to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable. Such notice shall further state that on such date there shall become due and payable, upon each Series 2012 PFA Bond or portion thereof to be redeemed, the Redemption Price thereof together with interest accrued to the redemption date and all other amounts then due under the PFA Loan Agreement and Senior Note No. 2, and that from and after such date interest thereon shall cease to accrue and be payable. Notice of redemption shall be given by the PFA Trustee by mailing a copy of each such notice to the registered owner of each such Series 2012 PFA Bond by first-class mail, postage prepaid, addressed to such owner at its last known address as it appears upon the bond register, at least thirty (30) but not more than sixty (60) days prior to the date fixed for redemption. Such notice shall be effective when mailed and any failure to receive such notice shall not affect the validity of the proceedings for redemption. Notice having been given in such manner and the conditions for redemption stated in such notice having been met, the Series 2012B PFA Bonds or portions thereof so called for redemption shall become due and payable on the redemption dates so designated at the Redemption Price, plus interest accrued to the redemption date. If, on the redemption date, moneys for the redemption of such Series 2012B PFA Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be held by the Paying Agent so as to be available therefor on such date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date, interest on such Series 2012B PFA Bonds or portions thereof so called for redemption shall cease to accrue and become payable. If such moneys shall not be so available on the redemption date, such Series 2012B PFA Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

If at the time of mailing of notice of an optional redemption or extraordinary optional redemption there shall not have been deposited with the PFA Trustee moneys sufficient to redeem all the Series 2012B PFA Bonds called for redemption, such notice may state that it is conditioned upon the deposit with such Trustee on or prior to the redemption date of moneys sufficient to pay the redemption price of the Series 2012B PFA Bonds to be

redeemed plus interest, if any, accrued thereon to the date of redemption; such notice shall be of no effect (and the redemption shall not occur) until such moneys are so deposited.

Book-Entry Only System

The information under this heading has been furnished by DTC. Neither the Authority, nor the PFA Members make any representations as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date thereof.

Beneficial ownership interests in the Series 2012B PFA Bonds will be available in book-entry only form. Purchasers of beneficial ownership interests in the Series 2012B PFA Bonds will not receive certificates representing their interests in the Series 2012B PFA Bonds purchased.

DTC, New York, New York, will act as securities depository for the Series 2012B PFA Bonds. References to the Series 2012B PFA Bonds under this Section “Book-Entry Only System” shall mean all Series 2012B PFA Bonds held in the United States through DTC. The Series 2012B PFA Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity, principal amount and related interest rate of Series 2012B PFA Bonds and bearing interest at a specific interest rate, each in the aggregate principal amount of such maturity and principal amount and related interest rate, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). DTC provides custody and asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 120 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants” and together with the Direct Participants, the “Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2012B PFA Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2012B PFA Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2012B PFA Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2012B PFA Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2012B PFA Bonds, except in the event that use of the book-entry system for the Series 2012B PFA Bonds is discontinued.

To facilitate subsequent transfers, all Series 2012B PFA Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2012B PFA Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2012B PFA Bonds; DTC’s records reflect only the identity

of the Direct Participants to whose accounts the Series 2012B PFA Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2012B PFA Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2012B PFA Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority and the PFA Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2012B PFA Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2012B PFA Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the PFA Trustee 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 Participants and not of DTC, the PFA Trustee, or the Authority, 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 PFA Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its service as depository with respect to the Series 2012B PFA Bonds at any time by giving reasonable notice to the Authority or the PFA Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Series 2012B PFA Bonds are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for the Series 2012B PFA Bonds will be printed and delivered to DTC.

THE AUTHORITY AND THE PFA TRUSTEE CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC OR DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SERIES 2012B PFA BONDS: (1) PAYMENTS OF PRINCIPAL OR REDEMPTION PRICE OF, IF APPLICABLE, SINKING FUND INSTALLMENTS, INTEREST ON THE SERIES 2012B PFA BONDS; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE SERIES 2012B PFA BONDS; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE SERIES 2012B PFA BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC OR DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE AUTHORITY AND THE PFA TRUSTEE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS, OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OR REDEMPTION PRICE OF, SINKING FUNDING INSTALLMENTS, INTEREST ON THE SERIES 2012B PFA BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS UNDER THE TERMS OF THE PFA

INDENTURE; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE SERIES 2012B PFA BONDS.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEMS HAS BEEN OBTAINED FROM DTC AND NONE OF THE AUTHORITY, THE UNDERWRITERS OR THE OBLIGATED GROUP MAKES ANY REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

Additional Information

For additional information regarding the Series 2012B PFA Bonds and the PFA Indenture, see “APPENDIX B – Summary of Certain Provisions of the PFA Indenture” hereto.

SECURITY FOR THE SERIES 2012B PFA BONDS

Limited Obligations; Pledge of Trust Estate; Certain Funds Held by PFA Trustee

General. The Series 2012B PFA Bonds are the special, limited obligations of the Authority and will be secured by and payable solely from the “trust estate” established under the PFA Indenture. The “trust estate” created under the related includes the following: (i) the General Financing Documents (except to the extent to which any such document provides for retention of Unassigned Rights), including, without limitation, the PFA Loan Agreement and Senior Note No. 2, all extensions and renewals of the term thereof, if any, together with all right, title, and interest of the Authority therein (including rights, title and interests of the respective PFA Members pledged to the Authority to secure the PFA Member’s obligations to the Authority pursuant to the PFA Loan Agreement), including, but without limiting the generality of the foregoing, the present and continuing right to claim, collect, and receive any of the moneys, income, revenues, issues, profits, and other amounts payable or receivable thereunder, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Authority is or may become entitled to do under the PFA Loan Agreement and Senior Note No. 2 but reserving to the Authority the Unassigned Rights upon the conditions therein set forth; (ii) all funds (except the Rebate Fund) and moneys and securities therein; and (iii) all moneys and securities from time to time held by the PFA Trustee or the Paying Agent under the terms of the PFA Indenture (except moneys and securities in the Rebate Fund) and any and all other real or personal property of every name and nature delivered concurrently with such PFA Indenture or from time to time thereafter delivered or by writing of any nature conveyed, mortgaged, pledged, assigned, or transferred as and for additional security under the PFA Indenture by the Authority or by anyone on its behalf, or with its written consent, to the PFA Trustee or the Paying Agent, which are authorized in the PFA Indenture to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the PFA Indenture. Amounts held in the Rebate Fund under the PFA Indenture are not part of the “trust estates” created under the PFA Indenture, are not pledged to secure the Series 2012B PFA Bonds and, consequently, will not be available to make payments on the Series 2012B PFA Bonds. See “Summary of Certain Provisions of the PFA Indenture” attached as Appendix B hereto for a description of the provisions of the PFA Indenture governing the disbursement of Series 2012 PFA Bond proceeds, issuance and transferability of the Series 2012B PFA Bonds, redemption of the Series 2012B PFA Bonds and defaults.

Terms not otherwise defined in this section are defined in Appendix A hereto.

At the time of issuance of the Series 2012 PFA Senior Bonds, the PFA Trustee will deposit into the Debt Service Reserve Fund established with respect to the Series 2012 PFA Senior Bonds, an amount equal to the Debt Service Reserve Fund Requirement with respect to the Series 2012 PFA Senior Bonds. At the time of issuance of the Series 2012 PFA Subordinate Class B Bonds, the PFA Trustee will deposit into the Debt Service Reserve Fund established with respect to the Series 2012 PFA Subordinate Class B Bonds, an amount equal to the debt service reserve fund requirement with respect to the Series 2012 PFA Subordinate Class B Bonds (being fifty percent (50%) of the maximum annual debt service for the Series 2012 PFA Subordinate Class B Bonds). The “*Debt Service Reserve Fund Requirement*” shall mean, as of any particular date of computation, an amount (which amount may take the form of cash, Qualified Investments or any combination thereof) equal to fifty percent (50%) (or one hundred percent (100%) upon receipt by the PFA Trustee of a Notice of Reserve Fund Increase until receipt by the PFA Trustee of a Notice of Reserve Fund Decrease) of the maximum annual debt service requirements for the Series 2012 PFA Bonds, but in no event greater than the least of: (i) ten percent (10%) of the net proceeds of the Outstanding Series 2012 PFA Bonds; (ii) one hundred percent (100%) of the greatest amount required in the then

current or any future calendar year to pay the sum of the scheduled principal and interest payable on Outstanding Series 2012 PFA Bonds; or (iii) one hundred twenty-five percent (125%) of the average annual amount required in the then current or any future calendar year to pay the sum of scheduled principal and interest on Outstanding Series 2012 PFA Bonds. A Notice of Reserve Fund Increase is required to be delivered if the Senior Debt Service Coverage Ratio or the Projected Senior Debt Service Coverage Ratio has been below 1.30 for eight consecutive fiscal quarters. Following delivery of a Notice of Reserve Fund Increase, if the Senior Debt Service Coverage Ratio and the Projected Senior Debt Service Coverage Ratio has been above 1.30 for twenty (20) consecutive fiscal quarters, a Notice of Reserve Fund Decrease shall be delivered and the Debt Service Reserve Fund Requirement shall revert to an amount equal to fifty percent (50%) of the maximum annual debt service requirements for the applicable series of the Series 2012 Bonds, subject again to clauses (i), (ii) and (iii) of the second immediately preceding sentence.

Debt Service Reserve Fund. At the time of issuance of the Series 2012B PFA Bonds, the PFA Trustee will deposit into the Debt Service Reserve Fund established with respect to the Series 2012B PFA Bonds (the “*Senior DSR Account*”) an amount equal to the Debt Service Reserve Fund Requirement (as defined below) with respect to the Series 2012 PFA Bond. Amounts in the Senior DSR Account shall be used to cure any deficiency in the Debt Service Fund on the date for the payment of principal or interest on such Series 2012B PFA Bonds. If, on any Interest Payment Date, the amounts in such Debt Service Reserve Fund are less than the Debt Service Reserve Fund Requirement, the PFA Trustee shall request the PFA Members to cause the Master Trustee to deposit with the PFA Trustee, on or before the 15th day of the current month, or if such date has passed, the next month, sufficient moneys to meet the Debt Service Reserve Fund Requirement. No withdrawal from the Debt Service Reserve Fund to restore a deficiency in the Debt Service Fund will be deemed to cure any failure by the PFA Members to pay the amounts required by the PFA Loan Agreement in respect of debt service on the Series 2012B PFA Bonds. Deficiencies in the Senior DSR Account are required to be replenished from Gross Revenues held by the Master Trustee prior to depositing Gross Revenues to make payment with respect to any Series 2012D PFA Bonds or any Series 2012F PFA Bonds (or any other Subordinate Class B Bonds) or to fill any deficiencies in any Subordinate DSR Account. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – COMMON SECURITY FOR OBLIGATED GROUP – Flow of Funds” under “INCLUSION BY SPECIFIC REFERENCE” herein. Deposits to the Debt Service Reserve Fund will be required to be made at the time of the issuance of any Additional Bonds under the PFA Indenture constituting Senior Bonds in an amount sufficient to satisfy the Debt Service Reserve Fund Requirement at such time, and such additional bonds will be secured, on a parity basis with such Series 2012B PFA Bonds, by any funds on deposit in, such the Senior DSR Account. See “APPENDIX B – Summary of Certain Provisions of the PFA Indenture – Debt Service Reserve Fund” hereto. Deposits to replenish any withdrawal from the Debt Service Reserve Fund (including any debt service reserve fund established for any other Bonds outstanding) will be made by the Master Trustee from Gross Revenues of the Members deposited pursuant to the Master Indenture. See “– Flow of Funds” herein.

Debt Service Reserve Fund Requirement. The PFA Indenture provides that, (i) until such time as Additional Bonds are issued, the Debt Service Reserve Fund Requirement with respect to the Senior Bonds shall be maintained under the PFA Indenture and the amount of such Debt Service Reserve Fund Requirement shall be recalculated on each January 1 and July 1 as specified in a notice from the Group Representative, increased pursuant to a Notice of Reserve Fund Increase, or reduced pursuant to a Notice of Reserve Fund Decrease, all as provided in the Master Indenture, and (ii) upon the issuance of Additional Bonds and thereafter, the Debt Service Reserve Fund Requirement with respect to the Senior Bonds shall equal the amount required to meet the Debt Service Reserve Fund Requirement of the Master Indenture.

Debt Service Fund. The PFA Indenture provides for the establishment of a Debt Service Fund into which funds shall be deposited to pay the principal or Redemption Price of, if applicable, Sinking Fund Installments, and interest on the applicable Series PFA Bonds, when due. Moneys will be deposited into the Debt Service Fund as and when required by the Master Trustee from the Debt Service Fund established under the Master Indenture and funded from Gross Revenues of the Members deposited into the Master Indenture. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – COMMON SECURITY FOR OBLIGATED GROUP – Gross Revenue Pledge” under “INCLUSION BY SPECIFIC REFERENCE” herein. The Master Indenture provides that moneys on deposit in the Debt Service Fund established under the Master Indenture be used first to pay the principal or Redemption Price of, if applicable, Sinking Fund Installments, and interest on the Senior Obligations (including, but not limited to, Senior Note No. 2), without priority or preference, second, to pay the principal or Redemption Price of, if applicable, Sinking Fund Installments, and interest on the Subordinate Class A Obligations, without priority or preference, and third to pay the principal or Redemption Price of, if applicable, Sinking Fund Installments, and interest on the Subordinate Class B

Obligations. Under the Master Indenture, the Master Trustee is required to transfer all amounts due on the Series 2012B PFA Bonds to the PFA Trustee on the Business Day prior to the date payment is due on the Series 2012B PFA Bonds.

PFA Loan Agreement

Pursuant to the PFA Loan Agreement between the Authority and the PFA Members, the PFA Members agree to make payment, or cause the Master Trustee to pay, to the PFA Trustee, on the Business Day prior to each payment for the Series 2012B PFA Bonds, an amount equal to the principal or Redemption Price, if applicable, Sinking Fund Installments, and interest due on the Series 2012B PFA Bonds. Payments made under the PFA Loan Agreement will be made by the Master Trustee to the PFA Trustee from funds deposited by the Obligated Group in the Master Indenture.

To secure its obligations under the PFA Loan Agreement, each PFA Member will execute and deliver Senior Note No. 2, pursuant to the Master Indenture. The Series 2012B PFA Bonds will be secured by Senior Note No. 2, all of which, along with Senior Obligations and Subordinated Obligations hereafter issued to secure other issues of Bonds and other evidence of Indebtedness, are the joint and several obligations of the Obligated Group. The rights of the holder of Senior Note No. 2 shall in all respects be superior to the rights of the holders of Subordinate Class A Obligations, and rights of the holders of the Subordinate Class A Obligations shall in all respects be superior to the Subordinate Series B Obligations. Senior Note No. 2 is issued under the Master Indenture and is to be paid in accordance with the terms of the Master Indenture.

Additional Bonds/Additional Obligations

The PFA Indenture provides for issuance of additional bonds secured by either a Senior Obligation, a Subordinate Class A Obligation or a Subordinate Class B Obligation, subject to certain procedures conditions and to satisfaction of the conditions of the Master Indenture to issuance of the corresponding Obligated Group Obligation. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – COMMON SECURITY FOR OBLIGATED GROUP – Additional Bonds/Additional Obligations.” under “INCLUSION BY SPECIFIC REFERENCE” herein).

Common Security

The Mortgages provide security for the payment of the Members’ obligations with respect to Notes issued under the Master Indenture, including the Notes corresponding to the Series 2012B PFA Bonds and the Series 2012A NYC IDA Bonds. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – COMMON SECURITY FOR OBLIGATED GROUP” under “INCLUSION BY SPECIFIC REFERENCE” herein.

PURPOSE OF ISSUE AND PLAN OF FINANCE

General

A portion of the proceeds of the Series 2012B PFA Bonds, together with the proceeds of the Non-Offered Bonds and other available funds, will be used to (i) fund the Debt Service Reserve Fund established for the benefit of the Series 2012B PFA Bonds, (ii) pay certain costs relating to the issuance of the Series 2012B PFA Bonds and (iii) redeem and defease prior to maturity thereof the series of bonds described in “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – OBLIGATED GROUP PLAN OF FINANCE” under “INCLUSION BY SPECIFIC REFERENCE” herein (the “*Refunded PFA Bonds*”).

ESTIMATED SOURCES AND USES OF FUNDS

Following are the estimated sources and uses of funds for the Series 2012 PFA Bonds in aggregate:

	Series 2012B PFA Bonds	Series 2012C PFA Bonds and Series 2012E PFA Bonds ¹	Series 2012D PFA Bonds and Series 2012F PFA Bonds ¹	Cash Defeasance	Total
Sources					
Par	\$ 189,400,000	\$ 43,955,000	\$ 66,000,000	-	\$ 299,355,000
Premium	2,569,384	1,216,279	-	-	3,785,663
Equity	5,787,975	719,809	1,176,576	\$ 19,467,327	27,151,688
Prior Funds ²	21,725,912	5,572,801	-	2,577,434	29,876,147
Total³	\$ 219,483,272	\$ 51,463,889	\$ 67,176,576	\$ 22,044,761	\$ 360,168,499
Uses					
Refunding Escrow Deposit ⁴	\$ 203,249,074	\$ 47,868,289	\$ 62,446,264	\$ 22,044,761	\$ 335,608,388
Debt Service Reserve Fund	9,318,550	1,800,000	2,326,330	-	13,444,880
Cost of Issuance and Fees ⁵	6,915,648	1,795,600	2,403,982	-	11,115,231
Total³	\$ 219,483,272	\$ 51,463,889	\$ 67,176,576	\$ 22,044,761	\$ 360,168,499

¹ Amounts relating to the Series 2012E PFA Bonds and the Series 2012F PFA Bonds will be finalized upon the sale of such bonds on September 10, 2012. Pricing and sale information relating to the Series 2012E PFA Bonds and the Series 2012F PFA Bonds will be reflected in a supplement to the final Offering Statement to be distributed not more than seven (7) business days after the sale of such bonds.

² Includes funds from existing debt service funds, debt service reserve funds, maintenance & operating reserves and is net of termination expenses associated with certain debt service reserve fund contracts.

³ The totals may not add due to rounding.

⁴ Certain bonds will be refunded, or purchased or cancelled, on the date of issuance of the Series 2012 Bonds. Certain bonds will be refunded approximately eleven (11) to thirty-two (32) days following the date of issuance of the Series 2012 Bonds, which will require a deposit in escrow to defease such bonds.

⁵ Includes payment associated with termination of the debt service reserve fund contract for the Newark Bonds.

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DEBT SERVICE REQUIREMENTS ON THE SERIES 2012B PFA BONDS

Following are the debt service requirements on the Series 2012B PFA Bonds through their maturity.

Year	Series 2012B PFA Bonds		(Senior) Series 2012C PFA Bonds and Series 2012E PFA Bonds Debt Service	(Subordinate Class B) Series 2012D PFA Bonds and Series 2012F PFA Bonds Debt Service*	Total Debt Service*
	Principal	Interest			
2013	-	\$ 7,658,530	\$ 4,969,350	\$ 4,369,478	\$ 16,997,358
2014	\$4,400,000	9,573,163	2,708,188	5,333,913	22,015,263
2015	1,405,000	9,353,163	7,895,688	5,242,428	23,896,278
2016	6,670,000	9,282,913	2,712,188	5,580,943	24,246,043
2017	2,405,000	8,949,413	7,298,188	8,221,453	26,874,053
2018	7,340,000	8,829,163	2,497,438	6,014,570	24,681,170
2019	7,705,000	8,462,163	2,497,688	8,216,745	26,881,595
2020	11,045,000	8,076,913	2,915,188	4,852,660	26,889,760
2021	8,655,000	7,524,663	2,483,938	8,213,355	26,876,955
2022	5,600,000	7,091,913	1,985,188	8,392,870	23,069,970
2023	8,655,000	6,811,913	3,193,188	5,411,438	24,071,538
2024	8,975,000	6,357,525	2,413,463	5,399,373	23,145,360
2025	9,775,000	5,886,338	2,998,913	5,266,478	23,926,728
2026	6,525,000	5,373,150	1,774,713	4,549,023	18,221,885
2027	4,320,000	5,030,588	1,834,050	2,760,068	13,944,705
2028	3,015,000	4,803,788	1,147,613	2,887,313	11,853,713
2029	8,140,000	4,645,500	1,864,250	1,501,733	16,151,483
2030	7,690,000	4,238,500	1,750,000	1,392,165	15,070,665
2031	7,370,000	3,854,000	1,633,500	1,276,763	14,134,263
2032	6,560,000	3,485,500	1,475,000	1,096,120	12,616,620
2033	5,515,000	3,157,500	1,271,750	1,644,403	11,588,653
2034	5,850,000	2,881,750	1,286,250	1,491,900	11,509,900
2035	5,690,000	2,589,250	1,208,000	800,240	10,287,490
2036	5,795,000	2,304,750	1,181,500	822,940	10,104,190
2037	5,995,000	2,015,000	1,179,250	848,488	10,037,738
2038	6,525,000	1,715,250	1,200,000	926,575	10,366,825
2039	7,245,000	1,389,000	1,257,500	1,048,820	10,940,320
2040	7,175,000	1,026,750	1,194,750	2,727,148	12,123,648
2041	7,990,000	668,000	1,267,500	1,680,310	11,605,810
2042	5,370,000	268,500	819,000	4,909,438	11,366,938
TOTAL	\$ 189,400,000	\$ 153,304,543	\$ 69,913,225	\$ 112,879,143	\$ 525,496,911

* Amounts relating to the Series 2012E PFA Bonds and the Series 2012F PFA Bonds will be finalized upon the sale of such bonds on September 10, 2012. Pricing and sale information relating to the Series 2012E PFA Bonds and the Series 2012F PFA Bonds will be reflected in a supplement to the final Offering Statement to be distributed not more than seven (7) business days after the sale of such bonds.

TAX MATTERS

Federal

In the opinions of Greenberg Traurig, LLP, Philadelphia, Pennsylvania and Chico & Nunes, P.C., Chicago, Illinois, as PFA Co-Bond Counsel to the Authority, under existing law, as currently enacted and construed, and assuming the accuracy of certain certifications and compliance with certain covenants of the Authority and the Obligated Group designed to assure compliance with the requirements of the Internal Revenue Code of 1986, as amended (the “Code”), interest on the Series 2012 PFA Bonds is excludable from gross income of the owners thereof for federal income tax purposes, except for interest on any Series 2012 PFA Bond for any period during which such Series 2012 PFA Bond is held by a “substantial user” of one or more of the Projects or a “related person” within the meaning of Section 147(a) of the Code, but interest on the Series 2012 PFA Bonds is an item of tax preference under the Code for purposes of determining the alternative minimum tax imposed on individuals and corporations. Interest on Series 2012 PFA Bonds held by a foreign corporation may be subject to the branch profits tax imposed by the Code.

PFA Co-Bond Counsel has not undertaken to advise in the future whether any events after the date of execution and delivery of the Series 2012 PFA Bonds may affect the federal tax status of the interest on the Series 2012 PFA Bonds.

Ownership of the Series 2012 PFA Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, S corporations with "excess net 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 the Series 2012 PFA Bonds. PFA Co-Bond Counsel expresses no opinions as to any such collateral tax consequences. Purchasers of Series 2012 PFA Bonds should consult their own tax advisors as to such collateral tax consequences.

The Code sets forth certain requirements which must be met subsequent to the issuance and delivery of the Series 2012 PFA Bonds for interest thereupon to remain excludable from the gross income of the owners of the Series 2012 PFA Bonds for federal income tax purposes. The Obligated Group will covenant to comply with such requirements in the Financing Agreements, and the Authority will covenant in the Indenture to comply with such requirements, to the extent of its control over investment or use of proceeds of the Series 2012 PFA Bonds and of its own actions. Noncompliance with such requirements may cause interest on the Series 2012 PFA Bonds to be required to be included in the gross income of the owners of the Series 2012 PFA Bonds for federal income tax purposes, retroactive to the date of issuance of the Series 2012 PFA Bonds or as of some later date. PFA Co-Bond Counsel has not undertaken to advise in the future whether any events after the date of execution and delivery of the Series 2012 PFA Bonds may affect the federal tax status of the interest on the Series 2012 PFA Bonds.

All of the Series 2012 Bonds sold or placed on the sale date of the Offered Bonds namely, the Series 2012A NYC IDA Bonds, the Series 2012B PFA Bonds, the Series 2012C PFA Bonds and the Series 2012D PFA Bonds, are likely to be treated and are being considered by PFA Co-Bond Counsel as a single issue for certain federal tax purposes. For a discussion of the implications of this treatment, see “PART II – CERTAIN RISK FACTORS – Taxation Of Interests On The Offered Bonds.”

State

In the opinions of PFA Co-Bond Counsel, under existing law, the Series 2012 PFA Bonds and interest on the Series 2012 PFA Bonds are not exempt from income tax in the State of Wisconsin. Prospective purchasers of the Series 2012 PFA Bonds should consult their tax advisors as to whether the Series 2012 PFA Bonds or interest on the Series 2012 PFA Bonds is or is not exempt from taxation in any other state.

A form of the opinion of PFA Co-Bond Counsel is attached hereto as APPENDIX E. A copy of such opinion will be available at the time of the initial delivery of the Bonds.

THE UNDERWRITERS

Goldman, Sachs & Co. (“*Goldman Sachs*”), as Representative of the Underwriters, has agreed, subject to certain conditions, to purchase all of the Series 2012B PFA Bonds from the Authority at an aggregate purchase price of \$189,710,920.86, reflecting the principal amount of the Series 2012B PFA Bonds, plus net original issue premium of \$2,569,384.20, and less an Underwriters’ discount of \$2,258,463.34. The Underwriters are obligated to purchase all of the Series 2012B PFA Bonds, if any are purchased, such obligation being subject to certain terms and conditions set forth in a Bond Purchase Contract (the “*Bond Purchase Contract*”) between Goldman Sachs, as Representative of the Underwriters, and the Authority and agreed to and approved by the PFA Members and the remainder of the Obligated Group, the approval of certain legal matters by counsel and certain other conditions. The Obligated Group has agreed to indemnify the Underwriters and the Authority against certain liabilities, and to contribute to any payments required to be made by the Underwriters and the Authority relating to such liabilities, including liabilities under the federal securities laws. The initial offering prices may be changed from time to time by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the Authority and to persons and entities with relationships with the Authority, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Authority (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Authority. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

The initial public offering prices or yields set forth on the inside cover page may be changed from time to time by the Underwriters. The Underwriters may offer and sell the Series 2012B PFA Bonds to certain dealers, unit investment trusts or money market funds at prices lower than the public offering prices stated on the inside cover pages.

Loop Capital Markets LLC, one of the underwriters of the Series 2012B PFA Bonds, has entered into an agreement (the “*Distribution Agreement*”) with UBS Financial Services Inc. for the retail distribution of certain municipal securities offerings at the original issue prices. Pursuant to the Distribution Agreement, Loop Capital Markets, LLC will share a portion of its underwriting compensation with respect to the Series 2012B PFA Bonds with UBS Financial Services Inc.

The delivery of the Series 2012B PFA Bonds is contingent upon the delivery of the Series 2012A NYC IDA Bonds.

CONTINUING DISCLOSURE

The Group Representative has undertaken all responsibilities for any continuing disclosure for the benefit of the Beneficial Owners of the Series 2012B PFA Bonds as described below, and the Authority will have no liability to the Beneficial Owners of the Series 2012B PFA Bonds or any other person with respect to such disclosures.

The Group Representative will enter into the Continuing Disclosure Agreement with respect to the Series 2012B PFA Bonds for the benefit of the Beneficial Owners of the Series 2012B PFA Bonds to provide or cause to be provided: (i) certain annual financial information and operating data, (ii) timely notice, not in excess of 10

Business Days after the occurrence, of certain specified events with respect to the Series 2012B PFA Bonds and (iii) timely notice of a failure by the Group Representative to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement. See “APPENDIX D – Form of Continuing Disclosure Agreement” hereto.

Members of the Obligated Group executed continuing disclosure undertakings with regard to certain of the Refunded Bonds. During the past five years, certain Members of the Obligated Group have failed to file with the information repositories or the MSRB their audited financial statements during one or more years by the required due dates. In addition, certain Members of the Obligated Group have failed to provide to the information repositories or the MSRB certain financial information and operating data during one or more years by the required due dates. The Obligated Group has put in place new internal controls to ensure that all future filings will be made in a complete and timely manner.

RATING

The Series 2012B PFA Bonds are expected to be assigned a rating of “BBB-” by Standard & Poor’s Rating Service.

This rating reflects the rating agency’s view at the time its rating is given, and the Authority, the Obligated Group and the Underwriters make no representation as to the appropriateness of this rating. An explanation of the significance of this rating may be obtained only from the rating agency. The Obligated Group has furnished the rating agency with certain information and materials relating to the Series 2012B PFA Bonds and the Obligated Group that have not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions by the rating agencies. The ratings are not a recommendation to buy, sell or hold the Series 2012B PFA Bonds, and there is no assurance that the rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing such rating, circumstances so warrant. None of the Authority, the Members of the Obligated Group or the Underwriters have undertaken any responsibility to bring to the attention of the holders of the Series 2012B PFA Bonds any proposed revision or withdrawal of the rating of the Series 2012B PFA Bonds or to oppose any such proposed revision or withdrawal. Any such revision or withdrawal could have an adverse effect on the market price and marketability of the Series 2012B PFA Bonds.

LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and delivery of the Series 2012B PFA Bonds by the Authority are subject to the approving opinions of Greenberg Traurig, LLP, Philadelphia, Pennsylvania and Chico & Nunes, P.C., Chicago, Illinois, PFA Co-Bond Counsel. Certain legal matters will be passed upon for the Underwriters by their co-counsel, Winston & Strawn LLP, New York, New York and Greene and Letts, Chicago, Illinois. Certain legal matters pertaining to the Obligated Group and CalEast CAC, LLC will be passed upon by Greenberg Traurig, LLP, Philadelphia, Pennsylvania and additional local counsel for the Obligated Group. Certain legal matters will be passed upon for the Authority by von Briesen & Roper, s.c. Milwaukee, Wisconsin.

LITIGATION

The Authority

There is no known pending or, to the knowledge of the Authority, threatened litigation against the Authority restraining or enjoining the issuance or delivery of the Series 2012B PFA Bonds or in any way questioning or materially affecting the validity of the Series 2012B PFA Bonds or any proceedings or authority of the Authority relating to the issuance, sale or delivery of its Series 2012B PFA Bonds. Neither the creation, organization or the existence of the Authority nor the title of any of the present officers or directors of the Authority to their respective officers is being contested. There is no litigation pending or, to the knowledge of the Authority, threatened which in any manner questions the right of the Authority to enter into the PFA Indenture or PFA Loan Agreement or to secure its Series 2012B PFA Bonds in the manner provided in the PFA Indenture and the relevant statutes under which such Series 2012B PFA Bonds are issued.

The Members of the Obligated Group

There is no known pending or, to the knowledge of the Members of the Obligated Group, threatened litigation against any Member which in any way questions or materially affects the validity of any series of the Series 2012B PFA Bonds or any proceedings or transactions relating to the issuance, sale or delivery of the Series 2012B PFA Bonds, the validity or enforceability of any Ground Lease, any Mortgage, any Indenture or any Tenant Lease or which may materially affect the operation and management of the Facilities. See “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – PROJECTED CASH FLOWS – Expenses” under “INCLUSION BY SPECIFIC REFERENCE” herein.

MISCELLANEOUS

The summaries and descriptions of provisions of the PFA Indenture, the PFA Loan Agreement, the Master Indenture, the PFA Ground Leases, the Mortgages and all references to other materials not purporting to be quoted in full are qualified in their entirety by reference to the complete provisions of the documents and other materials summarized or described. Copies of the PFA Indenture, the PFA Loan Agreement, the Master Indenture, the PFA Ground Leases, and the Mortgages may be obtained from the Master Trustee or, during the offering period, from the Underwriters.

The use of information under the headings “THE AUTHORITY” and “LITIGATION – The Authority” of this Official Statement has been duly authorized by the Authority and the Obligated Group.

PUBLIC FINANCE AUTHORITY,

By: /s/ Lynda Bradstreet
Authorized Signatory

THE OBLIGATED GROUP,

By: Transportation Infrastructure Properties,
LLC, acting in its capacity as the Group
Representative of the Obligated Group

By: /s/ George Psaras, Jr.
Senior Vice President

APPENDIX A – SCHEDULE OF PFA DEFINITIONS

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PART IV – APPENDIX A

SCHEDULE OF PFA DEFINITIONS

“**Act**” means Sections 66.0301, 66.0303 and 66.0304, as amended, of the Wisconsin Statutes commonly known as the “Joint Exercise of Powers Law.”

“**Additional Bonds**” means Bonds of one or more Series, other than the **Series 2012 PFA Bonds**, authorized and issued by the Authority pursuant to the Bond Indenture, each of which Series shall be designated as either Senior Bonds or Subordinate Bonds.

“**Additional Obligations**” means

“**Authority Member**” means Adams County, Wisconsin; Bayfield County, Wisconsin; Marathon County, Wisconsin; Waupaca County, Wisconsin and the City of Lancaster, Wisconsin, and any past, present or future political subdivision designated from time to time as a member of the Authority pursuant to the Joint Exercise Agreement.

“**Authority**” means the Public Finance Authority, or its successors and assigns.

“**Board**” means the Board of Directors of the Authority.

“**Bondholders**” means any person who shall be the registered owner of any Outstanding Bonds.

“**Bonds**” means the Series 2012 PFA Bonds and any Additional Bonds authorized and issued pursuant to the Bond Indenture.

“**Code**” means the Internal Revenue Code of 1986, as amended, and the treasury regulations promulgated thereunder.

“**Continuing Disclosure Agreement**” means that certain Continuing Disclosure Agreement to be dated the date of closing among the Obligated Group and Digital Assurance Certification.

“**Debt Service Reserve Fund**” means each reserve fund established under the Related Financing Documents for a Project financed with a Series of Bonds (or thereunder, to the extent required pursuant to the Master Indenture and any Supplemental Indenture) to secure such Bonds in at least the amount of the Debt Service Reserve Requirement. Any Debt Service Reserve Fund may be funded with monies, a Credit Facility or any combination of the same.

“**Determination of Taxability**” means, with respect to any Series 2012 PFA Bonds, a determination that the interest income on any Series 2012 PFA Bond does not qualify as being excludable from the gross income of the holder thereof (“exempt interest”) for any reason other than that such holder is a “substantial user” of the Project or a “related person” as such terms are defined in Section 147 of the Code, which determination shall be deemed to have been made upon the first to occur of any of the following: (a) the date on which any change in law or regulation becomes effective or on which the Internal Revenue Service issues any private ruling,

technical advice memorandum or any other written communication to the effect that the interest income on any of the Series 2012 PFA Bonds does not qualify as exempt interest; or (b) the date on which the Members of the Obligated Group shall receive notice from the PFA Trustee in writing that the PFA Trustee has been advised by any holder or former holder that the Internal Revenue Service has issued a thirty-day letter or other notice which asserts that the interest on any such Series 2012 PFA Bond does not qualify as such exempt interest; or (c) the date on which the PFA Trustee receives written notice from any Bondholder that the Members of the Obligated Group or the Authority has taken any action inconsistent with, or has failed to act consistently with, the tax exempt status of interest on the Series 2012 PFA Bonds; provided that no Determination of Taxability shall be deemed to have occurred as a result of a determination by any Bondholder pursuant to clause (c) above unless such determination is supported by an opinion of Bond Counsel to the effect that the interest income on Series 2012 PFA Bonds does not constitute exempt interest and that the Series 2012 PFA Bonds do not qualify for a remedial action under the applicable regulations, compliance with which would render the interest on the Series 2012 PFA Bonds tax exempt. With respect to any other Bonds, “Determination of Taxability” shall have the meaning, if any, provided in the Supplemental Indenture authorizing the issuance of such Bonds.

“**DTC**” or “**The Depository Trust Company**” means the limited-purpose trust company organized under the laws of the State of New York which shall act as securities depository for the Bonds, and any successor thereto.

“**Funds**” means any special trust fund established pursuant to the Bond Indenture.

“**Gross Revenues**” means Net Revenues from Additional Properties, if any, and all operating and non-operating revenues, receipts and income of each Member and all rights to receive the same, whether in the form of accounts receivable, contract rights, chattel paper, instruments, general intangibles or other rights and all proceeds thereof, including insurance proceeds and condemnation awards, whether now existing or thereafter coming into existence and whether now owned or thereafter acquired and all amounts contributed to the capital of a Member by its owners.

“**Holder**” means, as the context requires, any Noteholder or other obligee on an Obligation, and shall include successors or assigns. In the case of an Obligation issued to a trustee or other fiduciary acting on behalf of the holders of any bonds, notes, certificates or other similar obligations which are secured by such Obligation, the term Holder shall mean the trustee or other fiduciary or, if so provided in the Related Financing Documents, the holders of the bonds, notes, certificates or other obligations in proportion to their respective interests therein or, if so required in such Related Financing Documents, the Qualified Credit Provider under such Related Financing Documents as defined therein.

“**Master Indenture**” means that certain Master Trust Indenture dated as of September 1, 2012, between the Members of the Obligated Group and the Master Trustee, as the same may be further amended and supplemented from time to time.

“**Master Trustee**” means Wells Fargo Bank, National Association, acting as master trustee under the Master Indenture and all successors and assigns thereunder.

“**Members**” means (a) the Initial Members, the Special Limited Member, and any other Person which has become a Member in accordance with the provisions of the Master Indenture, whether or not such Person has issued any Obligations thereunder, [and (b) when used in respect of any particular Obligation financing one or more Projects or other Indebtedness, shall mean the Member or each Member owning a Project or Projects financed by such Obligation thereunder.]

“**Mortgages**” means the Mortgages, as such term is defined in the Master Indenture from certain of the Members of the Obligated Group to the Master Trustee given against the interests of the Members of the Obligated Group under the Related Ground Leases to secure the payment of the Obligations issued under the Master Indenture, including, without limitation, the Master Indenture Notes.

“**Non-Reoffered Bonds**” means, collectively, the Series 2012C, Series 2012D, Series 2012E and Series 2012F Bonds.

“**Notes**” means, collectively, the Senior Notes, the Subordinate Class A Notes and the Subordinate Class B Notes.

“**NYC IDA Installment Sale Agreement**” means that certain Installment Sale Agreement and Assignment of Lease, dated as of September 1, 2012, between the NYC IDA and the JFK Member.

“**Obligated Group Financing Documents**” means all documents and agreements executed and delivered by the Members of the Obligated Group on the Date of Delivery as security for or in connection with the issuance of the Bonds, including the PFA Loan Agreement, the Tax Certificate, the Notes, and the general certificate of each Member of the Obligated Group, and all other documents executed in connection therewith.

“**Obligated Group Representative**” means a person at the time designated to act on behalf of the Members of the Obligated Group for purposes of the Bond Indenture by a written instrument furnished to the PFA Trustee containing the specimen signature of such person and signed on behalf of each Member of the Obligated Group by any of their respective officers. The certificate may designate an alternate or alternates.

“**Owners**” means the registered owner of a Bond, including the Securities Depository, if any, or its nominee.

“**Paying Agent**” means the commercial bank, trust company or other entity which may from time to time be appointed to serve as Paying Agent as provided in the Bond Indenture. Until such time as an alternate Paying Agent is appointed, the Paying Agent shall be the PFA Trustee.

“**PFA Co-Bond Counsel**” means Greenburg Traurig, LLP and Chico & Nunes, as Co-Bond Counsel.

“**PFA Indenture**” means that certain Trust Indenture dated as of September 1, 2012 between the Authority and the PFA Trustee.

“**PFA Loan Agreement**” means the Loan and Security Agreement of even date with the Bond Indenture between the Authority and the Members of the Obligated Group, and any amendments and supplements thereto.

“**PFA Trustee**” means Wells Fargo Bank, National Association, as Trustee under the PFA Indenture.

“**Projects**” means the land, facilities, equipment and other property financed by the proceeds of the Series 2012 PFA Bonds or any Additional Bonds, and includes, without limitation, the Project Facilities.

“**Rebate Fund**” means the special trust fund so designated, established pursuant to the Bond Indenture.

“**Redemption Price**” means an amount equal to the principal of and premium, if any, and accrued interest, if any, on the Bonds to be paid on the Redemption Date.

“**Related Ground Leases**” means the Ground Lease related to a particular Project, Mortgaged Property or Additional Property, as the context requires.

“**Senior Bonds**” means, initially, the Senior Series 2012 PFA Bonds and as Series of Additional Bonds are issued, any Additional Bonds of any Series designated as “Senior” and secured by a Senior Note.

“**Senior DSR Account**” means the special trust account so designated, established and maintained pursuant to the Bond Indenture.

“**Senior Note No. 1**” means Senior Master Trust Indenture Promissory Note No. 2012-1 issued to the Master Trustee pursuant to the Master Indenture.

“**Senior Note No. 2**” means Senior Master Trust Indenture Promissory Note No. 2012-2 issued to the Master Trustee pursuant to the Master Indenture.

“**Senior Note No. 3**” means Senior Master Trust Indenture Promissory Note No. 2012-3 issued to the Master Trustee pursuant to the Master Indenture.

“**Senior Note No. 4**” means Senior Master Trust Indenture Promissory Note No. 2012-4 issued to the Master Trustee pursuant to the Master Indenture.

“**Senior Notes**” means, collectively, Senior Master Indenture Promissory Note No. 1, Senior Master Indenture Promissory Note No. 2, Senior Master Indenture Promissory Note No. 3 and Senior Master Indenture Promissory Note No. 4 delivered pursuant to the Master Indenture, as the same may be amended or supplemented from time to time.

“**Senior Obligation**” means an Obligation that is designated as “Senior” and is, therefore, secured by the superior liens and has the preferences as to payment and rights specified in the Master Indenture with respect to Senior Obligations as compared to those of Subordinate Obligations.

“**State**” means State of Wisconsin.

“**Subordinate Class A Notes**” means that certain Subordinate Class A 2012 Note delivered pursuant to the Master Indenture, as the same may be amended or supplemented from time to time.

“**Subordinate Class A Obligations**” means an Obligation that is designated as “Subordinate Class A” and, therefore, (i) is secured by liens specified in the Master Indenture which are subordinate to those of the Senior Obligations but superior to those of the Subordinate Class B Obligations and (ii) has the rights specified in the Master Indenture which are inferior and subordinate to the rights of the Senior Obligations but superior to the rights of the Subordinate Class B Obligations.

“**Subordinate Class B Notes**” means that certain Subordinate Class B 2012 Master Indenture Promissory Note No. 1 and Subordinate Class B Master Indenture Promissory Note No. 2 delivered pursuant to the Master Indenture, as the same may be amended or supplemented from time to time.

“**Subordinate Class B Obligations**” means an Obligation that is designated as “Subordinate Class B” and, therefore, is secured by the subordinate liens and has the inferior and subordinate rights specified in the Master Indenture with respect to Subordinate Class B Obligations as compared to those of Senior Obligations and Subordinate Class A Obligations.

“**Subordinate B Note No. 1**” means Subordinate Class B Master Indenture Promissory Note No. 2012-1 delivered pursuant to the Master Indenture, as the same may be amended or supplemented from time to time.

“**Subordinate B Note No. 2**” means Subordinate Class B Master Indenture Promissory Note No. 2012-2 delivered pursuant to the Master Indenture, as the same may be amended or supplemented from time to time.

“**Trust Estate**” means all property and rights granted to the PFA Trustee pursuant to the granting clauses of the Bond Indenture, as the same may be amended or supplemented from time to time.

“**Unassigned Rights**” means Authority’s rights in connection with the Members of the Obligated Group’s obligations to the Authority under Sections 3.2(a)(iv), 3.2(b), 3.3, 7.10 and 7.11 of the Bond Indenture, and, to the extent not enumerated in such sections, the Authority’s rights to (i) inspect books and records, (ii) give or receive notices, approvals, consents, requests, and other communications, (iii) receive payment or reimbursement of expenses, (iv) receive payment of the Authority’s Annual Fee (as defined in the PFA Loan Agreement), (v) immunity from and limitation of any liability, (vi) indemnification by Members of the Obligated Group, (vii) security for the indemnification obligation of the Members of the Obligated Group, and (viii) to enforce, in the Authority’s own name and on the Authority’s own behalf, those provisions of the PFA Loan Agreement or any other document, instrument or agreement entered into with respect to the Bonds that provides generally for the foregoing enumerated rights or any similar rights of the Authority.

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APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE PFA INDENTURE

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PART IV - APPENDIX B**SUMMARY OF CERTAIN PROVISIONS OF THE PFA INDENTURE**

The following is a summary of certain provisions of the PFA Indenture. This summary does not purport to be complete and reference to the PFA Indenture is hereby made for all of the terms and conditions of the PFA Indenture. Terms used in this PART IV-Appendix B that are not defined herein shall have the meanings set forth in PART IV-Appendix A.

Pledge and Security

In order to secure the payment of the principal or Redemption Price, if any, of and interest on all Bonds according to their tenor and effect and certain rights of the Credit Provider and all other amounts due in connection therewith and the performance and observance by the Authority of all the covenants expressed or implied in the PFA Indenture and in the Bonds, the Authority grants, bargains, sells, conveys, pledges, and assigns unto, and grants a security interest in and to, the Bond Trustee, and unto its respective successors in trust, and to their respective assigns, forever, for the securing of the performance of the obligations of the Authority under the PFA Indenture, the following:

(a) The General Financing Documents (except to the extent to which any such document provides for retention of Unassigned Rights) including, without limitation, the PFA Loan Agreement and the Master Indenture Notes, and including all extensions and renewals of the term thereof, if any, together with all right, title, and interest of the Authority therein (including rights, title and interests of the Members of the Obligated Group pledged to the Authority to secure the Members of the Obligated Group's obligations to the Authority pursuant to the PFA Loan Agreement) including, but without limiting the generality of the foregoing, the present and continuing right to claim, collect, and receive any of the moneys, income, revenues, issues, profits, and other amounts payable or receivable thereunder, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Authority is or may become entitled to do under the PFA Loan Agreement and the Master Indenture Notes but reserving, however, to the Authority the Unassigned Rights upon the conditions therein set forth;

(b) All Funds (except the Rebate Fund) and moneys and securities therein;

(c) All moneys and securities from time to time held by the Bond Trustee or the Paying Agent under the terms of the PFA Indenture (except moneys and securities in the Rebate Fund) and any and all other real or personal property of every name and nature concurrently therewith or from time to time thereafter by delivery or by writing of any nature conveyed, mortgaged, pledged, assigned, or transferred as and for additional security under the PFA Indenture by the Authority or by anyone in its behalf, or with its written consent, to the Bond Trustee or the Paying Agent, which are thereby authorized under the PFA Indenture to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the PFA Indenture; and

(d) The Credit Enhancement or Credit Enhancements and Liquidity Facility or Liquidity Facilities.

The Trustee holds the foregoing for the benefit and security of all present and future holders, first of the Senior Bonds, second of the Subordinate Class A Bonds and third of the Subordinate Class B Bonds: (i) with all payment of principal and Redemption Price of and interest on the Senior Bonds and any fees and charges payable on the Senior Bonds and all security rights in and to the Trust Estate and all other rights and privileges under the PFA Indenture with respect to the Senior Bonds to be prior and superior in all respects to any payment on or with respect to the Subordinate Bonds and all security rights in and to the Trust Estate and all other rights and privileges under the PFA Indenture with respect to the Subordinate Bonds and (ii) with all payment of principal and Redemption Price of and interest on the Subordinate Class A Bonds and any fees and charges payable on the Subordinate Class A Bonds and all security rights in and to the Trust Estate and all other rights and privileges under the PFA Indenture with respect to the Subordinate Class A Bonds to be prior and superior in all respects to any payment on or with respect to the Subordinate Class B Bonds and all security rights in and to the Trust Estate and all other rights and privileges under the PFA Indenture with respect to the Subordinate Class B Bonds, but without preference of any Senior Bond over any other Senior Bond or any Subordinate Class A Bond over any other Subordinate Class A Bond, or any Subordinate Class B Bond over any other Subordinate Class B Bond, except, in each case as specifically provided in the PFA Indenture, and for enforcement of payment of the Bonds in accordance with their terms and all other sums payable under the PFA Indenture or on the Bonds and for the performance of and compliance with the obligations, covenants and conditions of the PFA Indenture, as if all the Bonds at any time Outstanding had been authenticated, executed and delivered simultaneously with the execution and delivery of the PFA Indenture, all as set forth in the PFA Indenture.

Issuance of Additional Bonds

The Authority may issue Additional Bonds under the PFA Indenture, from time to time, for the following purposes:

- (i) To acquire and construct or rehabilitate or renovate new or expanded facilities of the Members of the Obligated Group.
- (ii) To pay the cost of refunding through redemption of any Outstanding Bonds issued under the PFA Indenture and subject to such redemption.
- (iii) To pay the cost of refunding through redemption any other indebtedness of the Members of the Obligated Group and subject to such redemption.

In any such event the Bond Trustee shall, at the request of the Authority, authenticate the Additional Bonds and deliver them as specified in the request, but only upon receipt of:

- (i) A Supplemental Indenture: (A) setting forth the terms of the Additional Bonds; (B) for Additional Bonds described in paragraph (i) above, describing

the facilities to be added to the Project; (C) for Additional Bonds described in paragraph (i) above, also describing the realty and facilities to become part of the Project; and (D) for any Additional Bonds, (1) stating the purpose of the issue, (2) establishing the series of Bonds to be issued and providing the terms and form of Bonds thereof and directing the payments to be made into the funds under the PFA Indenture, (3) authorizing the execution and delivery of the Additional Bonds to be issued, (4) authorizing the redemption of any previously issued Bonds which are to be refunded and (5) designating such Additional Bonds as “Senior,” “Subordinate Class A” or “Subordinate Class B”;

(ii) A supplemental PFA Loan Agreement and Master Indenture Notes providing for additional payments to be made by the Members of the Obligated Group thereunder sufficient to pay principal and Redemption Price of and interest on the Additional Bonds and all other amounts required to be paid with respect thereto;

(iii) All items required to be delivered pursuant to the Master Indenture in connection with Additional Obligations;

(iv) For any Additional Bonds described in paragraph (ii) above, a certificate of the Obligated Group Representative (A) stating that notice of redemption of the Bonds to be refunded has been given or that provisions have been made therefor and (B) stating that the proceeds of the Additional Bonds plus the other amounts, if any, stated to be available for the purpose, will be sufficient to accomplish the purpose of the refunding and to pay the cost of refunding, which shall be itemized in reasonable detail;

(v) For any Additional Bonds, a certificate of the Obligated Group Representative stating that it has no knowledge that an Event of Default under the PFA Indenture has occurred and is continuing;

(vi) For any Additional Bonds, an opinion or opinions of Bond Counsel that (A) the purpose of the Additional Bonds is one for which Additional Bonds may be issued under the PFA Indenture, (B) all conditions prescribed in the PFA Indenture as precedent to the issuance of the Additional Bonds have been fulfilled, (C) the Additional Bonds have been validly authorized and executed and when authenticated and delivered pursuant to the request of the Authority will be valid, legally binding, limited obligations of the Authority, enforceable against the Authority in accordance with their terms (except to the extent that the rights and remedies created thereby are subject to bankruptcy, insolvency, reorganization, moratorium and similar laws effecting the rights and remedies of creditors and secured parties, and that the availability of specific enforcement, injunctive relief or other equitable remedies is subject to the discretion of the court before which any proceeding therefor may be brought) and are entitled to the benefit and security of the PFA Indenture, (D) all consents of any regulatory bodies required as a condition to the valid issuance of the Additional Bonds have been obtained and (E) issuance of such Additional Bonds will not adversely affect the tax status of the interest on Outstanding Bonds;

(vii) For any Additional Bonds, an opinion of counsel to the Members of the Obligated Group addressing the execution and delivery of the documents being executed and delivered in connection with the issuance of the Additional Bonds.

(viii) For any Additional Bonds, a deposit to the Debt Service Reserve Fund of such amounts as are required so that there shall be on deposit therein an amount equal to the Debt Service Reserve Requirement as recalculated to take into account the Additional Bonds; and

(ix) For any Additional Bonds, a Confirmation of Rating for the Bonds.

Funds Established under the PFA Indenture

The following funds and accounts are established under the PFA Indenture:

- (i) Series 2012 Bond Proceeds Fund
 - (A) Series 2012B Bond Proceeds Account
 - (1) Refunding Subaccount
 - (2) Costs of Issuance Subaccount
 - (B) Series 2012C Bond Proceeds Account
 - (1) Refunding Subaccount
 - (2) Costs of Issuance Subaccount
 - (C) Series 2012D Bond Proceeds Account
 - (1) Refunding Subaccount
 - (2) Costs of Issuance Subaccount
 - (D) Series 2012E Bond Proceeds Account
 - (1) Refunding Subaccount
 - (2) Costs of Issuance Subaccount
 - (E) Series 2012F Bond Proceeds Account
 - (1) Refunding Subaccount
 - (2) Costs of Issuance Subaccount
- (ii) Debt Service Fund

- (A) Senior Principal and Interest Account
- (B) Senior Redemption Account
- (C) Subordinate Class B Principal and Interest Account
- (D) Subordinate Class B Redemption Account
- (iii) Debt Service Reserve Fund
 - (A) Senior DSR Account
 - (B) Subordinate Class B DSR Account
- (iv) Rebate Fund
- (v) Purchase Fund
 - (A) Obligated Group Purchase Account
 - (B) Remarketing Purchase Account
 - (C) Liquidity Facility Purchase Account

Debt Service Fund

The PFA Indenture directs the Bond Trustee to establish three separate accounts within the Debt Service Fund to be designated “Senior Principal and Interest Account,” “Senior Redemption Account,” “Subordinate Class B Principal and Interest,” “Subordinate Class B Redemption Account” and “Letter of Credit Account.”

The Bond Trustee shall promptly deposit the following receipts in the Debt Service Fund:

- (i) Any amount required pursuant to the PFA Indenture to be deposited from the proceeds of the Bonds, which shall be credited to the Principal and Interest Account.
- (ii) All amounts received by the Bond Trustee as payments of amounts attributable to debt service on the Bonds pursuant to the PFA Loan Agreement which shall be credited to the Senior Principal and Interest Account or the Subordinate Class B Principal and Interest Account, in the manner set forth in the PFA Indenture and the PFA Loan Agreement.
- (iii) Excess or remaining amounts in the Construction Fund required to be deposited in the Debt Service Fund pursuant to the PFA Indenture, which shall be credited to the Principal and Interest Account to the extent the amount of such transfer plus amounts already on hand in the Principal and Interest Account would not exceed the principal amount of the next scheduled principal payment and sinking fund redemption, unless the Obligated Group Representative directs any such amounts to be deposited to the Redemption Account, and to the extent the amount to be transferred exceeds the

amount required for such scheduled payment and redemption or the Obligated Group Representative directs such amounts to be deposited to the Redemption Account, such amounts shall be deposited to the Redemption Account.

(iv) Any other amounts required to be paid or transferred to the Debt Service Fund other than amounts received from a draw on a Credit Enhancement the provides for draws to pay principal or Redemption Price of or interest on the Bonds, for payment of principal and interest due on the Bonds, which shall be credited to the Principal and Interest Account.

(v) Prepayments under the PFA Loan Agreement received by the Bond Trustee, which shall be credited to the Senior Redemption Account or the Subordinate Class B Redemption Account, as applicable.

(vi) All other receipts other than amounts received from a draw on a Credit Enhancement that provides for draws to pay principal or Redemption Price of or interest on the Bonds, when and if required by the Obligated Group Financing Documents or any subsequent agreement or by the PFA Indenture to be paid into the Debt Service Fund, which shall be credited to the Principal and Interest Account.

(vii) All amounts (and only those amounts) received from a draw on a Credit Enhancement that provides for draws to pay principal or Redemption Price of or interest on the Bonds shall be deposited to the Letter of Credit Account. Moneys in the Letter of Credit Account shall never be commingled with moneys from any other source. If there is more than one Credit Enhancement of such type as to provide for draws as described above, separate subaccounts shall be established within the Letter of Credit Account for each Credit Enhancement.

There shall be paid from the Senior Principal and Interest Account to the Paying Agent, on each Interest Payment Date for the Senior Bonds, the amounts required for the payment of the principal and interest due on the Senior Bonds on such date. Such amounts shall be applied by the Paying Agent to the payment of principal and interest on the Bonds when due in the following order of priority:

(i) *First*, the Bond Trustee shall pay principal and Redemption Price for any sinking fund redemption of and interest on the Senior Bonds due on the Interest Payment Date; and

(ii) *Second*, the Trustee shall pay principal and Redemption Price for any sinking fund redemption of and interest on the Subordinate Class A Bonds due on the Interest Payment Date.

There shall be paid from the Subordinate Class B Principal and Interest Account to the Paying Agent, on each Interest Payment Date for the Subordinate Class B Bonds the amounts required for the payment of principal and interest due on the Subordinate Class B Bonds on such date.

Amounts in the Senior Redemption Account or the Subordinate Class B Redemption Account (or in the Obligated Group's subaccount in the Payment Account established under the Master Indenture) may be applied by the Bond Trustee (or by the Master Trustee on behalf of the Bond Trustee), upon specific direction of the Obligated Group Representative, to the purchase of Bonds at prices not exceeding the Redemption Price thereof applicable on the next redemption date plus accrued interest and all other amounts then due under the Obligated Group Financing Documents in connection with such redemption, provided no Event of Default has occurred and is continuing. Such redemption date shall be the earliest date upon which Bonds are subject to redemption from such amounts. Any amount in the Senior Redemption Account or the Subordinate Class B Redemption Account not so applied to the purchase of Bonds by forty-five (45) days prior to the next date on which the Bonds are so redeemable shall be applied to the redemption of Bonds on such redemption date; provided that if such amount aggregates less than \$5,000, it need not be then applied to such redemption. The Bonds to be redeemed shall be selected by the Bond Trustee in the manner provided in the PFA Indenture. Amounts in the Redemption Account to be applied to the redemption of Bonds shall be paid to the Paying Agent on or before the redemption date and applied by it on such redemption date to the payment of the Redemption Price of the Bonds being redeemed plus interest on such Bonds accrued to the redemption date and all other amounts then due under the Obligated Group Financing Documents in connection with such redemption.

Provided that no Event of Default has occurred and is continuing under the PFA Loan Agreement, the Authority shall receive a credit in respect of the Sinking Fund Payment for any Bonds which have been delivered by the Authority or the Members of the Obligated Group to the Bond Trustee for cancellation on or before the forty-fifth (45th) day next preceding any Sinking Fund Payment due date and for any Bonds which prior to such date have been purchased or redeemed (otherwise than through the application of the Sinking Fund Payments) and canceled by the Bond Trustee and not theretofore applied as a credit against any Sinking Fund Payment; provided that such Bonds are of the same series, class and maturity as the Bonds for which a sinking fund payment is otherwise due. Each Bond so delivered shall be credited by the Bond Trustee at 100% of the principal amount thereof on the obligation of the Authority on such Sinking Fund Payment date for such Bonds and any excess over such amount shall be credited on future Sinking Fund Payments in ascending chronological order, and the principal amount of Bonds to be redeemed by application of Sinking Fund Payments shall be accordingly reduced.

The Obligated Group Representative shall on or before the forty-fifth (45th) day next preceding each Sinking Fund Payment date furnish the Bond Trustee with the certificate of an Authorized Representative if and to whatever extent the provisions of the PFA Indenture are to be availed of with respect to such Sinking Fund Payment, stating, in the case of the credit provided for, that such credit has not theretofore been applied against any Sinking Fund Installment and confirming that immediately available cash funds for the balance of the next succeeding prescribed Sinking Fund Payment will be paid on or prior to the next succeeding Sinking Fund Payment date.

Any amounts remaining in the Debt Service Fund after payment in full of all Outstanding Bonds, the fees, charges and expenses of the Authority, the Bond Trustee and any Paying Agent and all other amounts required to be paid thereunder or under the Obligated Group Financing

Documents shall be paid upon the expiration or sooner termination of the Term of the PFA Loan Agreement to the Master Trustee, so long as the Master Indenture remains in full force and effect, and, thereafter, to the Credit Provider to the extent of any amounts owed thereto and, then, to or upon the direction of the Obligated Group Representative.

Moneys in the Debt Service Fund shall be used to pay principal or Redemption Price or interest with respect to the Bonds only in the following order:

FIRST: Amounts drawn by the Bond Trustee under the Credit Enhancement and deposited into the Letter of Credit Account;

SECOND: Any Available Moneys on deposit in the Bond Fund;

THIRD: Any other amounts available in the Bond Fund.

The Authority hereby authorizes and directs the Bond Trustee to draw on each Credit Enhancement providing for draws to pay principal or Redemption Price of or interest on the Bonds pursuant to its terms, in the amounts and at times necessary to make payment of such amounts on the Bonds (excluding any premium) pursuant to their terms.

The Bond Trustee shall draw upon each Credit Enhancement providing for such draws in accordance with the terms thereof under the following circumstances: on or before 11:00 a.m., New York City time, on the Business Day prior to any Interest Payment Date, the Bond Trustee shall determine the amount necessary to make all required payments of principal or Redemption Price and interest on the Bonds benefiting from such Credit Enhancement or purchase price payments on the next succeeding Interest Payment Date and shall present to the Credit Provider providing such Credit Enhancement the required documents under such Credit Enhancement in such amount, so as to permit the timely transfer of funds from such Credit Provider to the Bond Trustee for payment of interest on the Bonds on each Interest Payment Date, for payment of the principal or Redemption Price of and interest on the Bonds benefiting from such Credit Enhancement when due, whether at maturity or upon prior redemption.

In no circumstances shall the Bond Trustee use moneys drawn on any Credit Enhancement to pay principal or Redemption Price of or interest on any Bonds not benefiting from such Credit Enhancement, or to pay premium, if any, on any Bonds.

The Bond Trustee shall promptly notify the Obligated Group Representative by oral or telephonic communication confirmed in writing if a Credit Provider has not transferred funds in accordance with its Credit Enhancement upon the presentment of any such drawing certificate.

Debt Service Reserve Fund

At the time any Series of Bonds is issued, there shall be deposited into the applicable accounts in the Debt Service Reserve Fund amounts sufficient to cause the total amount on deposit in such accounts of the Debt Service Reserve Fund to at least equal the Senior DSRFR, the Subordinate Class A DSRFR and the Subordinate Class B DSRFR, as applicable, with

respect to the Bonds being issued. If, on any Interest Payment Date, the amounts in the applicable accounts Debt Service Reserve Fund (other than the Subordinate Class B DSR Account) are less (based on the valuation required pursuant to the PFA Indenture) than the Senior DSRFR and the Subordinate Class A DSRFR, as applicable, the Bond Trustee shall request the Members of the Obligated Group to fulfill its obligations under the PFA Loan Agreement (and so notify the Master Trustee) and shall deposit upon receipt any moneys delivered pursuant thereto to the Debt Service Reserve Fund, *first* to the Senior DSR Account to the extent of any deficiency therein and, *second*, to the Subordinate Class A DSR Account, to the extent of any deficiency therein.

Moneys on deposit in the applicable account of the Debt Service Reserve Fund shall be applied as follows (unless otherwise provided in the PFA Indenture):

(i) On the date of each required payment in respect of the Bonds, moneys in (A) Senior DSR Account shall be applied to cure any deficiency (after transfers from moneys held under the Master Indenture, if any, made in accordance with the terms thereof) in the Debt Service Fund needed to pay principal or Redemption Price of or interest on all Outstanding Senior Bonds or to reimburse a Credit Provider on account of its payment of the same; and (B) the Subordinate Class A DSR Account shall be applied to cure any deficiency (after transfer from moneys held under the Master Indenture, if any, made in accordance with the terms thereof) in the Debt Service Fund needed to pay principal or Redemption Price of or interest on all Outstanding Subordinate Class A Bonds; and (C) the Subordinate Class B DSR Account shall be applied to cure any deficiency (after transfer from moneys held under the Mast Indenture, if any, made in accordance with the terms thereof) in the Debt Service Fund needed to pay principal or Redemption Price of or interest on all Outstanding Subordinate Class B Bonds. The Obligated Group agrees that any transfer from the Debt Service Reserve Fund to the Debt Service Fund pursuant to the PFA Indenture shall not be construed as preventing, waiving or curing any nonpayment of any payments required under the PFA Loan Agreement until the amount of such deficiency has been restored.

(ii) At the time of valuation pursuant to the PFA Indenture, any amount in the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement not required to be transferred to the Rebate Fund shall be transferred to the Revenue Fund established under the Master Indenture.

(iii) In each month during the twelve-month period preceding the final maturity date of any series of Bonds, so long as no Event of Default has occurred and is continuing, moneys held in the Debt Service Reserve Fund shall be credited against the payment of principal of and interest on such series of Bonds and shall be transferred to the Debt Service Fund for the payment of such principal and interest or to reimburse a Credit Provider on account of its payment of the same, *provided* that after such transfer the amount remaining in the Debt Service Reserve Fund satisfies the Debt Service Reserve Fund Requirement.

The Debt Service Reserve Requirement shall be recalculated by the Obligated Group as required by the Master Indenture upon the issuance of any Additional Bonds under the PFA Indenture and in connection with the mandatory, optional or extraordinary redemption of any Bonds, and the Master Trustee, upon its receipt of the same, shall promptly deliver to the Bond Trustee a written certificate of the Obligated Group Representative indicating such recalculated amount.

Rebate Fund

Within 45 days of the Computation Date, the Members of the Obligated Group shall deposit to the Rebate Fund and direct the Bond Trustee to transfer from earnings held in any Fund or Account to the Rebate Fund amounts such that the amount held in the Rebate Fund after such deposit and transfer is equal to the Rebate Amount on the Funds and Accounts established under the PFA Indenture calculated as of the last day of the Computation Period in accordance with the Code; *provided, however*, if the Members of the Obligated Group fail to make such deposit in accordance with the provisions of the PFA Indenture, and have not caused the Rebate Amount on the Bonds to be deposited in the Rebate Fund established under the Master Indenture, the Bond Trustee shall, with the prior written consent and at the direction of the Required Bondholders, withdraw from the Funds and deposit to the Rebate Fund an amount such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount calculated as of the last day of the Computation Period; *provided, however*, that the Bond Trustee may not transfer moneys in accordance with the above provision from the Debt Service Fund.

The Trustee, upon receipt of written instructions from the Obligated Group Representative, shall pay to the Master Trustee for deposit to the applicable account in the Rebate Fund under the Master Indenture out of amounts in the Rebate Fund established under the PFA Indenture, within five (5) days of such direction and in any event within sixty (60) days of any Computation Date, the amount directed to be transferred by the Obligated Group Representative in its instructions.

Investment of Funds

Amounts in the Funds and Accounts, other than the Letter of Credit Account and the Liquidity Facility Purchase Account shall, if and to the extent then permitted by law, be invested in Investment Securities. Investments shall be made by the Bond Trustee at the written request of the Obligated Group Representative, and may be made by the Bond Trustee through its own bond department. Any investment under the PFA Indenture shall be made in accordance with written instructions of the Obligated Group Representative. The Bond Trustee may conclusively rely upon such instructions as to both the suitability and legality of the directed investments. In the event no such instructions are received by the Bond Trustee, such amounts shall be invested in Investment Securities described in clause (vii)(a) of the definition thereof, pending receipt of such investment instructions. The Bond Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries. Such investments shall mature in such amounts and at such times as may be necessary to provide funds when needed to make payments from such Funds or Accounts. Investments in the Debt Service Reserve Fund

shall mature in five years or less or shall provide for liquidation at par when needed to make payments under the PFA Indenture.

The income or interest earned and gains realized in excess of losses suffered by any Fund or Account held under the PFA Indenture shall be credited to the Debt Service Fund (except income or interest earned and gains realized in excess of losses suffered by the Project Account or the Rebate Fund, which shall be credited to the Project Account or the Rebate Fund, respectively). The Funds and Accounts established under the PFA Indenture shall be valued as of each Interest Payment Date on the basis of market value; *provided, however*, a Fund Letter of Credit, unless disaffirmed or terminated, as applicable, shall be valued at the face amount thereof.

Payment of Principal, Redemption Price, If Any, and Interest

The Authority covenants that it will promptly pay, but solely from the revenues or other moneys derived under the PFA Loan Agreement or the Master Indenture or otherwise available under the PFA Indenture, the principal or Redemption Price, if any, of and interest on every Bond issued under the PFA Indenture, together with all other amounts due under the PFA Loan Agreement, at the place, on the dates and in the manner provided in the PFA Indenture and in the Bonds according to the true intent and meaning thereof.

Performance of Covenants

The Authority covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in the PFA Indenture, in any and every Bond executed, authenticated and delivered under the PFA Indenture and in all of its proceedings pertaining thereto. The Authority covenants that it is duly authorized under the Constitution and laws of the State, including particularly and without limitation the Act, to issue the Bonds authorized under the PFA Indenture and to execute the PFA Indenture, to create, accept and assign the liens in the property described in the PFA Indenture and created under the PFA Indenture, to grant the security interest provided in the PFA Indenture, to assign the General Financing Documents and to pledge the revenues and other amounts pledged in the manner and to the extent set forth in the PFA Indenture; that all action on its part for the issuance of the Bonds and the execution and delivery of the PFA Indenture has been duly and effectively taken, and that the Bonds in the hands of the holders and owners thereof are and will be valid and enforceable obligations according to their terms and the terms of the PFA Indenture, except to the extent that such enforceability may be limited by bankruptcy or insolvency or other laws affecting creditors' rights generally or by general principles of equity.

Rights under Financing Documents

The Trustee may and is granted the right under the PFA Indenture to enforce all rights of the Authority other than the Unassigned Rights and all obligations of the Members of the Obligated Group under and pursuant to the General Financing Documents, including, without limitation the Master Indenture Notes and the security interests created thereby or securing the

same. Nothing described in this paragraph shall permit any reduction in the payments required to be made by the Members of the Obligated Group under or pursuant to the PFA Loan Agreement and the Master Indenture Notes or any alteration in the terms of payment thereof. All covenants and agreements on the part of the Authority shall, except as otherwise specifically provided in the PFA Indenture, be for the benefit of the holders from time to time of the Bonds and may be enforced in the manner provided by the PFA Indenture on behalf of such holders by the Bond Trustee.

Events of Default: Acceleration of Due Dates

Each of the following events constitutes an “Event of Default” under the PFA Indenture:

(i) payment of any installment of principal, Redemption Price of, or interest on, any Senior Bond or Subordinate Class A Bond is not made when due; or

(ii) payment of any installment of principal, Redemption Price of, or interest on, any Subordinate Class B Bond is not made by the first July 1 following the date on which such amount first becomes due; or

(iii) if the Members of the Obligated Group or the Authority shall fail to observe or perform any covenant or agreement contained in the PFA Indenture, which failure would have a Material Adverse Effect, and such failure continues for a period of thirty (30) days after written notice of such failure, requiring the same to be remedied, shall have been given by the Trustee to the Members of the Obligated Group and the Authority, the giving of which notice shall be at the discretion of the Bond Trustee unless the Bond Trustee is requested in writing to do so by the Holders of at least 25% in aggregate principal amount of all Outstanding Senior Bonds under the PFA Indenture or, if no Senior Bonds are Outstanding thereunder, of all Outstanding Subordinate Class A Bonds under the PFA Indenture, or if no Senior Bonds and no Subordinate Class A Bonds are Outstanding thereunder, of all Outstanding Subordinate Class B Bonds under the PFA Indenture, in which event such notice shall be given; *provided, however*, that if such observance or performance requires work to be done, actions to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied within such 30-day period but can be done, taken or remedied within a reasonable period of time, no Event of Default shall be deemed to have occurred or to exist if, and so long as, the Members of the Obligated Group or the Authority, as the case may be, shall commence such work, action or other remedy within such 30-day period and shall diligently and continuously prosecute the same to completion; or

(iv) any Event of Default as specified in the PFA Loan Agreement or the Master Indenture shall occur and is continuing and has not been waived; or

(v) the occurrence of an Act of Bankruptcy with respect to the Authority; or

(vi) failure of any Credit Provider to honor any drawing or request for payment properly made in accordance with the terms of its Credit Enhancement.

Subject to the provisions of the PFA Indenture described in third succeeding paragraph below, upon the occurrence of an Event of Default then and in every such case, the Bond Trustee shall (A) at the written request of the Holders of 25% in aggregate principal amount Outstanding of the Senior Bonds or (B) in the case of an Event of Default described under (i) or (ii) above, without any such request, shall declare the principal of all such Senior Bonds and the interest accrued thereon to be immediately due and payable and provide notice of the same to the Master Trustee, the Obligated Group Representative and the Authority and upon any such declaration, all principal of and interest on the Senior Bonds become immediately due and payable. Notwithstanding the foregoing, the Senior Bonds shall not be subject to acceleration in the event the applicable Event of Default relates solely to payment of principal of and interest on the Subordinate Bonds.

Upon the occurrence of an Event of Default the Bond Trustee shall (A) at the written request of the Holders of 25% in aggregate principal amount Outstanding of the Subordinate Class A Bonds and with Special Senior Consent if any Senior Bonds remain Outstanding, and (B) if no Senior Bonds remain Outstanding, in the case of an Event of Default as described in subsection (i) or (ii) above, declare the principal of all of the Subordinate Class A Bonds and the interest accrued thereon to be immediately due and payable and give notice of the same to the Master Trustee, the Obligated Group Representative and the Authority and upon any such declaration, all principal, and Redemption Price of and interest on the Subordinate Class A Bonds shall become immediately due and payable. Notwithstanding the foregoing, the Subordinate Class A Bonds shall not be subject to acceleration in the event the applicable Event of Default relates solely to payment of principal of and interest on the Subordinate Class B Bonds.

Upon the occurrence of an Event of Default if no Senior Bonds or Subordinate Class A Bonds remain Outstanding, the Bond Trustee shall (A) at the written request of the Holders of a majority in aggregate principal amount Outstanding of the Subordinate Class B Bonds and (B) in the case of an Event of Default as described in (i) or (ii) above, declare the principal of all of the Subordinate Class B Bonds and the interest accrued thereon to be immediately due and payable and give notice of the same to the Master Trustee, the Obligated Group Representative and the Authority and upon such declaration all principal and Redemption Price of and interest on the Subordinate Class B Bonds shall become immediately due and payable.

Any declaration pursuant to the section of the PFA Indenture as described in the three preceding paragraphs above shall be subject to the condition that if, at any time after the principal of all Senior Bonds or Subordinate Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter described: (i) the Members of the Obligated Group shall deposit or cause to be deposited with the Bond Trustee or with the Master Trustee a sum sufficient to pay (A) all matured installments of interest upon all Bonds and the principal and premium, if any, of all such Bonds that shall have become due otherwise than by acceleration (with interest on overdue installments of interest, to the extent permitted by law and on such principal and premium, if any, at the respective rates borne by such Bonds to the date of such deposit) and any other amounts required to be paid pursuant to such Bonds, and (B) the expenses and fees of the Bond Trustee and the Master Trustee; and (ii) any and all Events of Default under the PFA

Indenture, other than the (X) nonpayment of principal of and accrued interest on Outstanding Bonds thereunder that shall have become due by acceleration and (Y) nonpayment of principal or interest on the Subordinate Bonds if any Senior Bonds remain Outstanding thereunder (and the Required Senior Holders have waived such nonpayment) and (Z) when no Senior Bonds remain Outstanding thereunder, nonpayment of principal or interest on the Subordinate Class B Bonds if any Subordinate Class A Bonds remain Outstanding thereunder (and the Holders of the majority in aggregate principal amount Outstanding of the Subordinate Class A Bonds thereunder have waived such nonpayment), shall have been remedied, then and in every such case, (I) the Master Trustee may and, if requested by the Required Bondholders, shall waive all Events of Default and rescind and annul such declaration and its consequences, but no such waiver or rescission and annulment shall extend to or affect any subsequent Event of Default.

Enforcement of Remedies

Upon the happening and continuance of any Event of Default, then and in every case, but subject to the provisions of the PFA Indenture regarding indemnification of the Bond Trustee, the Bond Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to, and shall, upon direction of the Required Bondholders, proceed to protect and enforce its rights and the rights of the Bondholders under the Act, the Bonds, the Master Trust Indenture Documents, the General Financing Documents, including, without limitation, the Master Indenture Notes and the PFA Indenture, and under any agreement executed in connection with the foregoing, forthwith by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, whether for the specific performance of any covenant or agreement contained in the PFA Indenture, the Master Trust Indenture or the General Financing Documents or in aid of the execution of any power granted therein or in the Act or for the enforcement of any legal or equitable rights or remedies as the directions of the Required Bondholders shall require.

When the Trustee incurs expenses or renders services after the occurrence of an act of bankruptcy with respect to the Authority or the Members of the Obligated Group, the expenses and the compensation for the services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

In the enforcement of any right or remedy under the PFA Indenture or under the Act, the Bond Trustee shall be entitled to sue for, enforce payment on and receive any or all amounts then or during any default becoming, and any time remaining, due under the PFA Indenture for principal, Redemption Price, interest or otherwise under any of the provisions of the Master Trust Indenture Documents, the General Financing Documents, the PFA Indenture or of the Bonds thereunder, and unpaid, with interest on overdue payments at the applicable rate or rates of interest specified in the Bonds or any Supplemental Indentures, together with any and all costs and expenses of collection and of all proceedings under the Master Trust Indenture Documents, the General Financing Documents, the PFA Indenture, and the Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce judgment or decree against the appropriate party or parties, but solely as provided in the Master Trust Indenture Documents, the General Financing Documents, the PFA Indenture, and the Bonds, for

any portion of such amounts remaining unpaid, with interest, costs, and expenses, and to collect in any manner provided by law, the moneys adjudged or decreed to be payable.

Regardless of the happening of an Event of Default, the Bond Trustee, if requested in writing by the Required Bondholders and furnished with reasonable security and indemnity satisfactory to it, shall institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under the PFA Indenture by any acts which may be unlawful or in violation of the PFA Indenture or of any resolution authorizing the Bonds, and such suits and proceedings as the Bond Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Bondholders; but no such request shall be otherwise than in accordance with the provisions of law and of the PFA Indenture or be unduly prejudicial to the interests of the holders of Bonds not making such request.

Application of Revenues and Other Moneys After Default

All moneys received by the Bond Trustee pursuant to any right given or action taken under the provisions of the PFA Indenture, to the extent not required under the Master Indenture Notes or the Master Indenture to be delivered to the Master Trustee to be applied under the Master Indenture, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses, liabilities and advances incurred or made by the Bond Trustee and any Paying Agent, including reasonable attorneys' fees, shall be deposited in the Principal and Interest Account of the Debt Service Fund and all moneys so deposited in such Fund and available for payment of the Bonds shall be applied as follows:

- (i) to the payment of costs and expenses of collection, including reasonable fees of counsel and reasonable compensation to the Master Trustee (to the extent the Master Trustee has not received or retained amounts for such fees and expenses) and the Bond Trustee; and
- (ii) whether or not the principal of all Outstanding Bonds shall have become or have been declared due and payable:

FIRST: To the payment to the Holders entitled thereto of all installments of interest then due on any Senior Bonds in the order of the maturity of such installments and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to such amounts due on such date, without any discrimination or preference;

SECOND: To the payment to the Holders entitled thereto of the unpaid principal installments which shall have become due, whether at maturity or by call for redemption, on any Senior Bonds in order of their due dates and, if the amounts available shall not be sufficient to pay in full all principal installments due on the same date, then to the payment thereof ratably, according to the

amounts of such principal installments due on such date, without any discrimination or preference; and

THIRD: To the payment to the Holders entitled thereto of any additional amounts due and unpaid in respect of Senior Bonds, in the order of the due dates of such amounts, and if the moneys available therefor shall not be sufficient to pay in full any such additional amounts due on the same date, then to the payment thereof ratably, according to the amounts due thereon, without any discrimination or preference;

FOURTH: To the payment to the Holders entitled thereto of all installments of interest then due on any Subordinate Class A Bonds in the order of the maturity of such installments and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to such amounts due on such date, without any discrimination or preference;

FIFTH: To the payment to the Holders entitled thereto of the unpaid principal installments which shall have become due, whether at maturity or by call for redemption, on any Subordinate Class A Bonds in order of their due dates and, if the amounts available shall not be sufficient to pay in full all principal installments due on the same date, then to the payment thereof ratably, according to the amounts of such principal installments due on such date, without any discrimination or preference;

SIXTH: To the payment to the Holders entitled thereto of any additional amounts due and unpaid in respect of Subordinate Class A Bonds, in the order of the due dates of such amounts, and if the moneys available therefor shall not be sufficient to pay in full any such additional amounts due on the same date, then to the payment thereof ratably, according to the amounts due thereon, without any discrimination or preference;

SEVENTH: To the payment to the Holders entitled thereto of all installments of interest then due on any Subordinate Class B Bonds in the order of the maturity of such installments and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to such amounts due on such date, without any discrimination or preference;

EIGHTH: To the payment to the Holders entitled thereto of the unpaid principal installments which shall have become due, whether at maturity or by call for redemption, on any Subordinate Class B Bonds in order of their due dates and, if the amounts available shall not be sufficient to pay in full all principal installments due on the same date, then to the payment thereof ratably, according to the amounts of such principal installments due on such date, without any discrimination or preference; and

NINTH: To the payment to the Holders entitled thereto of any additional amounts due and unpaid in respect of Subordinate Class B Bonds, in the order of the due dates of such amounts, and if the moneys available therefor shall not be sufficient to pay in full any such additional amounts due on the same date, then to the payment thereof ratably, according to the amounts due thereon, without any discrimination or preference.

(iii) Whenever moneys are to be applied pursuant to the provisions of the PFA Indenture, such moneys shall be applied at such times, and from time to time, as the Bond Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever Bond Trustee shall apply such funds, it shall fix the date upon which such application shall be made. The Bond Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the owner of any Bonds until such Bonds shall be presented to the Bond Trustee for appropriate endorsement or for cancellation if fully paid.

(iv) Whenever all Bonds and interest thereon and all other amounts due under the PFA Loan Agreement, Master Indenture Notes, and Tax Certificate have been paid under the provisions of the PFA Indenture and all fees, expenses and charges of the Bond Trustee and Paying Agent have been paid, any balance remaining in the Debt Service Fund shall be paid to the Master Trustee for deposit to the Revenue Fund established under the Master Indenture for application as revenues held in such Revenue Fund, and if the Master Indenture is no longer in full force and effect, to or upon the direction of the Obligated Group Representative.

Required Bondholders Control Proceedings

The Required Bondholders shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Bond Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the PFA Indenture, or for any other proceedings under the PFA Indenture; but such direction shall not be otherwise than in accordance with the provisions of law and of the PFA Indenture.

Individual Bondholder Action Restricted

No owner of the Bonds shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of the PFA Indenture or the execution of any trust under the PFA Indenture or for any remedy under the PFA Indenture, unless such owner shall have previously given to the Bond Trustee written notice of the happening of an event of default, as provided in the PFA Indenture, and the Required Bondholders shall have filed a written request with the Bond Trustee, and shall have offered it reasonable opportunity, either to exercise the powers granted in the PFA Indenture or by the Act or by the laws of the State or to institute such action, suit or proceeding in its own name, and unless such owners shall

have offered to the Bond Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Bond Trustee shall have refused to comply with such request for a period of sixty (60) days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no owner of any Bond shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the pledge created by the PFA Indenture, or to enforce any right under the PFA Indenture, except in the manner provided in the PFA Indenture; and that all proceedings at law or in equity to enforce any provision of the PFA Indenture shall be instituted, had and maintained in the manner provided in the PFA Indenture and for the equal benefit of all owners of the Outstanding Bonds thereunder; *provided, however*, that the right of the Holders of the Senior Bonds to receive such payments as shall then be due and owing shall be prior and superior in all cases to the right of the Holders of the Subordinate Bonds to receive such payments and that the rights of the Holders of the Subordinate Class A Bonds to receive such payments as shall then be due and owing shall be prior and superior in all cases to the rights of the Holders of the Subordinate Class B Bonds to receive such payments.

Nothing in the PFA Indenture or in the Bonds contained shall affect or impair the right of any owner of the Bonds to enforce payment of the principal or Redemption Price, if any, of and interest on any Bond or other amounts due under the PFA Loan Agreement and the Master Indenture Notes at and after the maturity thereof, or the obligation of the Members of the Obligated Group to pay the principal or Redemption Price, if applicable, of and interest on each of the Bonds or other amounts due under the PFA Loan Agreement and the Master Indenture Notes to the respective owners thereof at the time, place, from the source and in the manner in the PFA Indenture and in such Bonds expressed.

Notice of Default

The Trustee shall promptly mail, to each owner of the Bonds Outstanding under the PFA Indenture and each Credit Provider and Liquidity Provider, written notice of the occurrence of any Event of Default of which it is required to take notice pursuant to the PFA Indenture, including without limitation notice of failure to pay the principal or interest on the Bonds or any failure by the Members of the Obligated Group to make a payment required under the PFA Loan Agreement and of any draw on and failure to reimburse a draw on the Debt Service Reserve Fund within the time permitted in the PFA Indenture and in the PFA Loan Agreement. Actual knowledge means the actual knowledge of an officer in the Bond Trustee's corporate trust administration department. The Bond Trustee shall not, however, be subject to any liability to any owner of the Bonds by reason of its failure to mail any notice required by the PFA Indenture.

Affiliate Holder Rights

Notwithstanding anything in the PFA Indenture to the contrary, the Affiliated Holders shall have no right to direct the Bond Trustee to declare an Event of Default or direct remedies following an Event of Default while other Bonds are Outstanding under the PFA Indenture.

Supplemental Indentures Without Consent of Owners of the Bonds

Subject to the terms and conditions contained in the PFA Indenture, the Authority may, from time to time and at any time, adopt Supplemental Indentures with the prior written consent of the Obligated Group Representative and each Credit Provider and Liquidity Provider, if any, and without prior notice to, and without the consent of, the owners of the Bonds for any of the following purposes:

(i) To cure any ambiguity or to correct or supplement any provision contained in the PFA Indenture or in any supplemental indenture which may be defective or inconsistent with any other provision contained in the PFA Indenture or in any supplemental indenture, or to make such other provisions in regard to matters or questions arising under the PFA Indenture or any supplemental indenture as shall not be inconsistent with the PFA Indenture or adversely affect the interests of the Holders of any particular Bonds or series of Bonds.

(ii) To grant to or confer upon the Bond Trustee for the benefit of the owners of the Bonds any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with the PFA Indenture as theretofore in effect.

(iii) To add to the covenants and agreements of the Authority in the PFA Indenture other covenants and agreements to be observed by the Authority which are not contrary to or inconsistent with the PFA Indenture as theretofore in effect.

(iv) To add to the limitations and restrictions in the PFA Indenture other limitations and restrictions to be observed by the Authority which are not contrary to or inconsistent with the PFA Indenture as theretofore in effect.

(v) To confirm, as further assurance, any pledge under, and the submission to any lien or pledge created or to be created by, the PFA Indenture, of the properties of the Project, or revenues or other income from or in connection with the Project or of any other moneys, securities or funds, or to subject to the lien or pledge of the PFA Indenture additional revenues, properties or collateral.

(vi) To qualify the PFA Indenture under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect.

(vii) To authorize the issuance of certain Additional Bonds, in accordance therewith, and prescribe the terms, forms and details thereof not inconsistent with the PFA Indenture.

(viii) To amend any provision pertaining to matters under Federal income tax laws, including Section 148(f) of the Code.

(ix) To authorize different authorized denominations of the Bonds and to make correlative amendments and modifications to the PFA Indenture regarding exchangeability of Bonds of different authorized denominations, redemptions of portions of Bonds of particular authorized denominations and similar amendments and modifications of a technical nature.

(x) To change any of the specified times of day or the number of days specified for the giving of notices in the PFA Indenture and to make corresponding changes to the period for notice of redemption of the Bonds; provided that no change in the specified times of day to a later time and no decreases in any such number of days shall become effective except while the Bonds bear interest at a Daily Rate or a Weekly Rate and until 30 days after the Bond Trustee has given notice to the Bondholders.

(xi) To provide for any uncertificated system of registering the Bonds or to provide for the change to or from a Book-Entry System for the Bonds.

(xii) To evidence the succession of a new Bond Trustee or the appointment by the Bond Trustee or the Authority of a co-trustee.

(xiii) To make any change related to the Bonds that does not materially adversely affect the interests of any Bondholder.

(xiv) To make any other changes to the PFA Indenture that take effect as to any or all remarketed Bonds following a mandatory tender.

(xv) To make any other change to the PFA Indenture that will take effect during any period when the Borrower is permitted to optionally redeem Bonds.

(xvi) To provide for issuance of Additional Bonds.

Before the Authority shall adopt any Supplemental Indenture pursuant to the PFA Indenture, there shall have been filed with the Bond Trustee an Opinion of Bond Counsel satisfactory to the Bond Trustee to the effect that (i) such Supplemental Indenture is authorized or permitted by the PFA Indenture and complies with its terms, (ii) upon execution, the Supplemental Indenture will be valid and binding upon the Authority in accordance with its terms, and (iii) that execution and delivery of the Supplemental Indenture will not adversely affect the exclusion of interest on the Bonds from the gross income of the Holders for federal tax purposes.

Supplemental Indentures With Consent of Owners of the Bonds

Subject to the terms and provisions contained in the PFA Indenture, the Required Bondholders, the Members of the Obligated Group and each Credit Provider and Liquidity Provider, if any, shall have the right from time to time, to consent to and approve the adoption by the Authority of any Supplemental Indenture as shall be deemed necessary or desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the PFA Indenture. Nothing contained in

the PFA Indenture shall permit, or be construed as permitting, without the consent of all of the owners of the Bonds affected thereby (1) a change in the terms of redemption or maturity of the principal of or the interest on any Outstanding Bond, tender provision, or a reduction in the principal amount or redemption price of any Outstanding Bond or the rate of interest thereon without the consent of the owner of such Bond, or (2) the creation of a lien upon or pledge of revenues or other income from or in connection with the PFA Loan Agreement other than the lien or pledge created by the PFA Indenture or the Master Indenture or (3) a preference or priority of any Bond or Bonds over any other Bond or Bonds, except for preferences and priorities (A) of Senior Bonds over Subordinate Bonds, and (B) of Subordinate Class A Bonds over Subordinate Class B Bonds or (4) a reduction in the aggregate principal amount of the Bonds or any subset of the same required for consent to such Supplemental Indenture.

Notwithstanding anything in the PFA Indenture to the contrary, while any Senior Bonds remain Outstanding, the Holders of the Subordinate Bonds shall have no right of consent to any amendment, change or modification to the PFA Indenture other than as described in this paragraph or the next succeeding paragraph. Any notices required under the PFA Indenture shall be sent to the Holders of the Senior Bonds with copy to the Holders of Subordinate Bonds. By their purchase of the Subordinate Bonds, the Holders of such Subordinate Bonds shall be deemed to have consented to the provisions of the PFA Indenture. Nothing in the PFA Indenture shall permit, or be construed as permitting, without the consent of the Holders of all Outstanding Subordinate Class A Bonds any amendment, change or modification to the PFA Indenture that would cause any of the following effects (1) an extension of the maturity date or redemption dates or the due date of any interest on any Subordinate Class A Bond, (2) a reduction in the principal amount of any Subordinate Class A Bond or the interest rate thereon, (3) a privilege or priority of any Subordinate Class A Bond or Bonds over any other Subordinate Class A Bond or Bonds, (4) a reduction in the aggregate principal amount of the Subordinate Class A Bonds required for consent to remedies or waivers of remedies in connection with the occurrence of an Event of Default under the PFA Indenture, (5) an extension of the dates on which the Members of the Obligated Group's payments with respect to the Subordinate Class A Bonds are due, (6) a reduction in the principal amount or interest rate payable by the Members of the Obligated Group under the PFA Loan Agreement with respect to the Subordinate Class A Bonds and the Subordinate Class A Note, (7) the creation of any lien on the Trust Estate other than (A) a Permitted Lien or (B) a lien ratably securing all of the Subordinate Class A Bonds at any time Outstanding, or (8) the elimination or diminution of the lien securing the Subordinate Class A Bonds except to the extent necessary and appropriate in connection with a reduction in such lien permitted by the Master Indenture.

Notwithstanding anything in the PFA Indenture to the contrary, while any Senior Bonds or Subordinate Class A Bonds remain Outstanding, the Holders of the Subordinate Class B Bonds shall have no right of consent to any amendment, change or modification to the PFA Indenture other than as described in this paragraph. Any notices required under the PFA Indenture shall be sent to the Holders of the Senior Bonds or if no Senior Bonds are Outstanding, to the Holders of the Subordinate Class A Bonds, with copy to the Holders of Subordinate Class B Bonds. By their purchase of the Subordinate Class B Bonds, the Holders of such Subordinate Class B Bonds shall be deemed to have consented to the provisions of the PFA Indenture. Nothing in the PFA Indenture shall permit, or be construed as permitting, without the

consent of the Holders of all Outstanding Subordinate Class B Bonds any amendment, change or modification to the PFA Indenture that would cause any of the following effects (1) an extension of the maturity date or redemption dates or the due date of any interest on any Subordinate Class B Bond, (2) a reduction in the principal amount of any Subordinate Class B Bond or the interest rate thereon, (3) a privilege or priority of any Subordinate Class B Bond or Bonds over any other Subordinate Class B Bond or Bonds, (4) a reduction in the aggregate principal amount of the Subordinate Class B Bonds required for consent to remedies or waivers of remedies in connection with the occurrence of an Event of Default under the PFA Indenture, (5) an extension of the dates on which the Members of the Obligated Group's payments with respect to the Subordinate Class B Bonds are due, (6) a reduction in the principal amount or interest rate payable by the Members of the Obligated Group under the PFA Loan Agreement with respect to the Subordinate Class B Bonds and the Subordinate Class B Note, (7) the creation of any lien on the Trust Estate other than (A) a Permitted Lien or (B) a lien ratably securing all of the Subordinate Class B Bonds at any time Outstanding, or (8) the elimination or diminution of the lien securing the Subordinate Class B Bonds except to the extent necessary and appropriate in connection with a reduction in such lien permitted by the Master Indenture.

If at any time the Authority shall determine to adopt any Supplemental Indenture for any of the purposes of the PFA Indenture, it shall cause notice of the proposed Supplemental Indenture to be mailed, postage prepaid, to all owners of the Bonds Outstanding thereunder. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture, and shall state that a copy thereof is on file at the offices of the Trustee for inspection by all owners of such Bonds.

Within one year after the date of such notice, the Authority may execute such Supplemental Indenture in substantially the form described in such notice, only if there shall have first been filed with the Authority (i) the written consents of the required percentage of owners of the Bonds then Outstanding so affected and (ii) an opinion of counsel satisfactory to the Bond Trustee stating that such Supplemental Indenture is authorized or permitted by the PFA Indenture and complies with its terms, and that upon adoption it will be valid and binding upon the Authority in accordance with its terms. Each valid consent shall be effective only if accompanied by proof of the owning, at the date of such consent, of the Bonds with respect to which such consent is given. A certificate or certificates by the Bond Trustee that it has examined such proof and that such proof is sufficient in accordance with the PFA Indenture shall be conclusive that the consents have been given by the owners of the Bonds described in such certificate or certificates. Any such consent shall be binding upon the owner of the Bonds giving such consent and upon any subsequent owner of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent owner thereof has notice thereof), unless such consent is revoked in writing by the owner of such Bonds giving such consent or a subsequent owner thereof by filing such revocation with the Bond Trustee prior to the adoption of such Supplemental Indenture.

If the owners of not less than the percentage of Bonds required by the PFA Indenture shall have consented to and approved the execution thereof as provided in the PFA Indenture, no owner of any Bond shall have any right to object to the enactment of such Supplemental Indenture, or to object to any of the terms and provisions contained therein or the operation

thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Authority from adopting the same or from taking any action pursuant to the provisions thereof.

Upon the adoption of any Supplemental Indenture pursuant to the provisions of the PFA Indenture as described above, the PFA Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the PFA Indenture of the Authority, the Bond Trustee and all owners of Bonds then Outstanding shall thereafter be determined, exercised and enforced under the PFA Indenture, subject in all respects to such modifications and amendments.

Amendments of Financing Documents Not Requiring Consent of Owners of the Bonds

The Authority and the Bond Trustee may, without the consent of and without prior notice to the owners of the Bonds, but with the prior written consent of each Credit Provider and Liquidity Provider, if any, consent to any amendment, change or modification of the General Financing Documents or the Master Trust Indenture Documents for the purpose of carrying out any of the purposes providing for Supplemental Indentures without consent of the owners of the Bonds pursuant to the PFA Indenture, curing any ambiguity or formal defect therein to provide for the issuance of Additional Bonds or to otherwise modify the same in a manner which is not adverse to the interests of the owners of the Bonds, as evidenced to the Bond Trustee by an opinion of counsel. The Bond Trustee shall have no liability to any owner of the Bonds or any other person for any action taken by it in good faith pursuant to the PFA Indenture.

Amendments of Financing Documents Requiring Consent of Owners of the Bonds

Except as provided in the Master Trust Indenture Documents and the PFA Indenture, the Authority and the Bond Trustee shall not consent to any amendment, change or modification of the General Financing Documents, without mailing of notice and the written approval or consent of the Required Bondholders and obtaining the prior written consent of each Credit Provider and each Liquidity Provider, if any, *provided* that the written approval or consent of the owners of 100% in aggregate principal amount of the affected Bonds at the time Outstanding and so affected, given and procured as in the PFA Indenture provided, shall be required for any amendment that causes any of the following effects (1) a reduction in the aggregate principal amount of the Bonds or a Class of Bonds required for consent to remedies or waivers of remedies in connection with the occurrence of an Event of Default thereunder, (2) an extension of the dates on which the Members of the Obligated Group's payments with respect to the Bonds are due, (3) a reduction in the principal amount or interest rate payable by the Members of the Obligated Group under the PFA Loan Agreement and the Master Indenture Notes, (4) the creation of any lien other than a lien securing all Bondholders according to the Class of Bonds they hold and ratably securing all of the Bonds within a Class at any time Outstanding or (5) the elimination or diminution of the liens securing the Bonds except to the extent necessary and appropriate in connection with a reduction in any such lien permitted by the Master Indenture under the General Financing Documents. If at any time the Members of the Obligated Group shall request the consent of the Bond Trustee to any such proposed amendment, change or modification, the Bond Trustee shall cause notice of such proposed amendment, change or

modification to be mailed in the same manner as is provided in the PFA Indenture with respect to Supplemental Indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal office of the Bond Trustee for inspection by all owners of the Bonds.

Notwithstanding anything in the PFA Indenture to the contrary, while any Senior Bonds remain outstanding thereunder, the Holders of the Subordinate Bonds shall have no right of consent to any amendment, change or modification to any of the General Financing Documents other than as set forth in the PFA Indenture and described below. Any notices required under the PFA Indenture shall be sent to the Holders of the Senior Bonds with a copy to the Holders of Subordinate Bonds. By their purchase of the Subordinate Bonds, the Holders of such Subordinate Bonds shall be deemed to have consented to the provisions of the PFA Indenture. Nothing in the PFA Indenture shall permit, or be construed as permitting, without the consent of the Holders of all Outstanding Subordinate Class A Bonds thereunder, any amendment, change or modification to any of the General Financing Documents that would cause any of the following effects (1) a reduction in the aggregate principal amount of the Subordinate Class A Bonds required for consent to remedies or waivers of remedies in connection with the occurrence of an Event of Default thereunder, (2) an extension of the dates on which the Members of the Obligated Group's payments with respect to the Subordinate Class A Bonds are due, (3) a reduction in the principal amount or interest rate payable by the Members of the Obligated Group with respect to the Subordinate Class A Bonds under the PFA Loan Agreement and the Subordinate Class A Note, (4) the creation of any lien other than (A) a Permitted Lien or (B) a lien ratably securing all of the Subordinate Class A Bonds at any time Outstanding or (5) the elimination or diminution of the lien securing the Subordinate Class A Bonds except to the extent necessary and appropriate in connection with a reduction in such lien permitted by the Master Indenture.

Notwithstanding anything in the PFA Indenture to the contrary, while any Senior Bonds or Subordinate Class A Bonds remain Outstanding thereunder, the Holders of the Subordinate Class B Bonds shall have no right of consent to any amendment, change or modification to any of the General Financing Documents other than as described in this paragraph. Any notices required under the PFA Indenture shall be sent to the Holders of the Senior Bonds or, if no Senior Bonds remain Outstanding, to the Holders of the Subordinate Class A Bonds, with a copy to the Holders of Subordinate Class B Bonds. By their purchase of the Subordinate Class B Bonds, the Holders of such Subordinate Class B Bonds shall be deemed to have consented to the provisions of the PFA Indenture. Nothing in the PFA Indenture shall permit, or be construed as permitting, without the consent of the Holders of all Outstanding Subordinate Class B Bonds any amendment, change or modification to any of the General Financing Documents that would cause any of the following effects (1) a reduction in the aggregate principal amount of the Subordinate Class B Bonds required for consent to remedies or waivers of remedies in connection with the occurrence of an Event of Default under the PFA Indenture, (2) an extension of the dates on which the Members of the Obligated Group's payments with respect to the Subordinate Class B Bonds are due, (3) a reduction in the principal amount or interest rate payable by the Members of the Obligated Group with respect to the Subordinate Class B Bonds under the PFA Loan Agreement and the Subordinate Class B Note, (4) the creation of any lien

other than (A) a Permitted Lien or (B) a lien ratably securing all of the Subordinate Class B Bonds at any time Outstanding or (5) the elimination or diminution of the lien securing the Subordinate Class B Bonds except to the extent necessary and appropriate in connection with a reduction in such lien permitted by the Master Indenture.

Defeasance

If the Authority shall pay or cause to be paid to the holders of all Outstanding Bonds under the PFA Indenture, the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the PFA Indenture and any Supplemental Indenture authorizing the issuance of such Bonds, then the pledge of any revenues and other moneys, securities, funds and property thereby pledged and all other rights granted under the PFA Indenture with respect to such Bonds shall be discharged and satisfied. In such event, the Bond Trustee shall, upon the request of the Authority or the Obligated Group, execute and deliver to the Authority or the Obligated Group all such instruments as may be desirable to evidence such discharge and satisfaction and after all amounts owed to the Bond Trustee have been paid, the Bond Trustee shall pay over or deliver to the Master Trustee, so long as the Master Indenture remains in full force and effect, and, thereafter, to or upon the direction of the Members of the Obligated Group, all moneys or securities held by it pursuant to the PFA Indenture which are not required for the payment or redemption of such Bonds not theretofore surrendered for such payment or redemption. If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the holders of all Outstanding Bonds of a particular Series the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein in the PFA Indenture and in the Supplemental Indenture authorizing a Series, such Bonds or Series of Bonds shall cease to be entitled to any lien, benefit or security under the PFA Indenture and all covenants, agreements and obligations of the Authority to the holders of such Bonds or Series of Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid with the effect expressed in the preceding paragraph if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Bond Trustee in form satisfactory to it irrevocable instructions to mail as provided in the PFA Indenture the notice of redemption on said date of such Bonds, (ii) there shall have been deposited with the Bond Trustee either Available Moneys the principal of and the interest on which when due (without further reinvestment) will provide moneys which, together with the Available Moneys, if any, deposited with the Bond Trustee at the same time, shall be sufficient, in the opinion of a nationally recognized certified public accountant, to pay when due the principal or Redemption Price, if any, of and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof as the case may be, and (iii) in the event said Bonds do not mature and are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Bond Trustee in form satisfactory to it irrevocable instructions to mail, as soon as practicable, a notice to the holders of such Bonds that the deposit described by (ii) above has been made with the Bond Trustee and that said Bonds are deemed to have been paid in accordance with the provisions described in this paragraph and stating such maturity or redemption date upon which moneys are to be available for the payment

of the principal or Redemption Price, if any, on said Bonds. Neither Defeasance Collateral nor moneys deposited with the Bond Trustee as described in this paragraph nor principal or interest payments on any such Defeasance Collateral 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 any, of and interest on said Bonds; but if any cash received from such principal or interest payments on such Defeasance Collateral deposited with the Bond Trustee, is not then needed for such purpose, the Bond Trustee shall notify the Authority of such receipt, and upon written direction from the Authority shall to the extent practicable, reinvest such amounts in Defeasance Collateral maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if any, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case maybe, and interest earned from such reinvestments shall be paid over to the Master Trustee, so long as the Master Indenture remains in full force and effect, and, thereafter, to or upon the direction of the Obligated Group Representative, as received by the Bond Trustee, free and clear of any trust, lien or pledge under the PFA Indenture. There shall also be delivered to the Bond Trustee in connection with the deposit of moneys or Defeasance Collateral a Bond Counsel's Opinion that, with respect to Bonds the interest on which was intended at the time of their initial issuance to be excluded from gross income for federal income tax purposes, the deposit of moneys does not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes and such deposit has been made in compliance with the PFA Indenture.

Notwithstanding the foregoing, while in a Daily Rate Mode or a Weekly Rate Mode, a Bond shall not be deemed to be paid within the meaning of the PFA Indenture and for all purposes of the PFA Indenture unless, in addition to the requirements set forth in the paragraph above, the purchase price for such Bond, if tendered for purchase prior to its due date (whether such due date be by reason of maturity or upon redemption as provided in the PFA Indenture, or otherwise), shall have been provided to the Bond Trustee by irrevocably depositing with the Bond Trustee, in trust, and the Bond Trustee shall have irrevocably set aside exclusively for such payments, moneys or Defeasance Collateral in an amount sufficient to make such purchase price payments. If a Bond for which moneys or Defeasance Collateral have been so deposited with the Bond Trustee is tendered for purchase prior to the date that such Bond matures or is redeemed, the purchase price for such Bond shall be paid with such moneys or Defeasance Collateral; upon payment of such purchase price such Bond shall not be remarketed but shall be cancelled by the Bond Trustee. Moneys deposited with the Bond Trustee for payment of purchase price as described shall either not be invested or shall be invested in Defeasance Collateral that matures in a principal amount not less than its original purchase price and has a maturity date not later than the date in which such moneys will be needed to pay the redemption price or purchase price of the Bonds, and in no event later than seven (7) days after its date of purchase.

If provision for payment of a Bond is being made as described under this heading and the interest rate on such Bond may change or be reset in accordance with of the PFA Indenture during the period between the date that funds and/or Defeasance Collateral are deposited with the Bond Trustee and the date that such Bonds are purchased, redeemed or otherwise paid and no credit facility secures such Bond, then the amount of such funds and/or Defeasance Collateral (taking into account the proceeds thereof) to be deposited with the Bond Trustee shall be sufficient to pay the principal of, premium, if any, and interest on such Bond when due (whether

such due date be by reason of maturity or upon redemption or otherwise) and purchase price for such Bond if tendered for purchase prior to its due date assuming that such Bond bore interest at the Maximum Rate during such period. Furthermore, the maximum interest rate that such Bond may bear during the period between the date funds and/or Defeasance Collateral are deposited with the Bond Trustee and the date that such Bond is purchased, redeemed or otherwise paid shall be the Maximum Rate. After payment of such Bond, if, as a result of any such interest rate assumption, excess funds remain on deposit with the Bond Trustee, such funds shall be transferred as described in the PFA Indenture.

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APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE PFA LOAN AGREEMENT

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PART IV - APPENDIX C**SUMMARY OF CERTAIN PROVISIONS OF THE
PFA LOAN AGREEMENT**

The following is a summary of certain provisions of the PFA Loan and Security Agreement (the "PFA Loan Agreement"). This summary does not purport to be complete and reference to the PFA Loan Agreement is hereby made for all of the terms and conditions of the PFA Loan Agreement. Terms used in this PART IV-Appendix C that are not defined herein shall have the meanings set forth in PART IV-Appendix A.

Representations by Each Member of the Obligated Group

Each Member of the Obligated Group represents and warrants to the Authority that, as of the date of execution of the PFA Loan Agreement and as of the date of delivery of the Series 2012 PFA Bonds to the initial purchasers thereof (such representations and warranties to remain operative and in full force and effect regardless of the issuance of the Series 2012 PFA Bonds or any investigations by or on behalf of the Authority or the results thereof):

(a) Each Member of the Obligated Group has been duly organized, validly exists and is in good standing under the laws of its state of organization, has full legal right, power and authority to enter into the PFA Loan Agreement and the other Obligated Group Financing Documents, and to carry out and consummate all transactions contemplated thereby and by the Obligated Group Financing Documents, and by proper organizational action has duly authorized the execution, delivery and performance of the PFA Loan Agreement and the Obligated Group Financing Documents.

(b) The officers of each Member of the Obligated Group executing the PFA Loan Agreement and the Obligated Group Financing Documents are duly and properly in office and fully authorized to execute the same.

(c) The PFA Loan Agreement and the Obligated Group Financing Documents have been duly authorized, executed and delivered by each Member of the Obligated Group.

(d) The PFA Loan Agreement and the Obligated Group Financing Documents, when assigned to the Bond Trustee pursuant to the PFA Indenture, will constitute the legal, valid and binding agreements of each Member of the Obligated Group enforceable against each Member of the Obligated Group by the Bond Trustee in accordance with their terms for the benefit of the Owners of the Bonds, and the Unassigned Rights constitute the legal, valid, and binding agreements of each Member of the Obligated Group enforceable against each Member of the Obligated Group by the Authority in accordance with their terms; except in each case as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity and by public policy.

(e) The execution and delivery of the PFA Loan Agreement and the Obligated Group Financing Documents, the consummation of the transactions therein contemplated and the

fulfillment of or compliance with the terms and conditions thereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under the organizational documents of each Member of the Obligated Group, any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any trust indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which each Member of the Obligated Group is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of each Member of the Obligated Group, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the PFA Loan Agreement or the Obligated Group Financing Documents, or the financial condition, assets, properties or operations of each Member of the Obligated Group.

(f) No consent or approval of any bond trustee or holder of any indebtedness of any Member of the Obligated Group or any guarantor of indebtedness of or other provider of credit or liquidity of or to such Member of the Obligated Group, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except with respect to any state securities or “blue sky” laws) is necessary in connection with the execution and delivery of the PFA Loan Agreement or the Obligated Group Financing Documents, or the consummation of any transaction therein contemplated, or the fulfillment of or compliance with the terms and conditions thereof, except as have been obtained or made and as are in full force and effect.

(g) There is no action, suit, proceeding, inquiry or investigation, before or by any court or federal, state, municipal or other governmental authority, pending, or to the knowledge of each Member of the Obligated Group, after reasonable investigation, threatened, against or affecting any Member of the Obligated Group or the assets, properties or operations of any Member of the Obligated Group which, if determined adversely to any Member of the Obligated Group or its interests, would have a material adverse effect upon the consummation of the transactions contemplated by, or the validity of, the PFA Loan Agreement or the Obligated Group Financing Documents, or upon the financial condition, assets, properties or operations of any Member of the Obligated Group, and each Member of the Obligated Group is not in default (and no event has occurred and is continuing which with the giving of notice or the passage of time or both could constitute a default) with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the PFA Loan Agreement or the Obligated Group Financing Documents, or the financial condition, assets, properties or operations of any Member of the Obligated Group. All tax returns (federal, state and local) required to be filed by or on behalf of each Member of the Obligated Group have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by each Member of the Obligated Group in good faith, have been paid or adequate reserves have been made for the payment thereof which reserves, if any, are reflected in the audited financial statements described therein. Each Member of the Obligated Group enjoys the peaceful and undisturbed possession of all of the premises upon which it is operating its facilities.

(h) No written information, exhibit or report furnished to the Authority by any Member of the Obligated Group in its application for financing or in connection with the negotiation of the PFA Loan Agreement or the Obligated Group Financing Documents (including financial statements, if any, whether audited or unaudited, and any other financial information provided in connection therewith) contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(i) Each Member of the Obligated Group has good and marketable title to the applicable Project Facility free and clear from all encumbrances other than Permitted Liens.

(j) Each Member of the Obligated Group complies in all material respects with all applicable Environmental Regulations.

(k) Neither any Member of the Obligated Group nor any of the Project Facilities are the subject of a federal, state or local investigation evaluating whether any remedial action is needed to respond to any alleged violation of or condition regulated by Environmental Regulations or to respond to a release of any Hazardous Substances into the environment.

(l) No Member of the Obligated Group has any material contingent liability in connection with any release of any Hazardous Substances into the environment.

The Financing

On the Business Day immediately prior to any date on which principal or Redemption Price of, or interest on, the Bonds is due, if insufficient moneys are then on deposit in the Debt Service Fund (taking into account any amounts to be transferred to or credited to the Debt Service Fund pursuant to the PFA Indenture) and available therefor, each Member of the Obligated Group shall, prior to 10:00 a.m. New York City time on such date, pay (or cause the Master Trustee to pay in accordance with the Master Indenture) to the Bond Trustee for deposit in the Debt Service Fund the amount necessary (in immediately available funds, as necessary) for the payment of such principal, interest, and premium, if any, due on such date. In addition, each Member of the Obligated Group shall pay or cause the Master Trustee to pay to the Bond Trustee, as and when the same shall become due, all other amounts due under the General Financing Documents, together with interest thereon at the then applicable rate as set forth in the PFA Loan Agreement.

Each Member of the Obligated Group shall have the option to prepay its payment obligation under the PFA Loan Agreement in whole or in part at the times and in the manner provided in the PFA Loan Agreement and in accordance with the Master Indenture. Each Member of the Obligated Group agrees to prepay its payment obligations thereunder in the amount required to effect a redemption (at the applicable Redemption Price) of the Bonds in whole or in part at the times and in the manner provided in the PFA Loan Agreement and in accordance with the Master Indenture.

At its option, to be exercised on or before the forty-fifth (45th) day next preceding the date any Bonds are to be redeemed from mandatory Sinking Fund Payments, provided no Event of Default has occurred and is continuing, any Member of the Obligated Group may deliver to the Bond Trustee Bonds which are subject to mandatory Sinking Fund Payment redemption in an aggregate principal amount not in excess of the principal amount of Bonds to be so redeemed on such date. Each Bond so delivered shall be credited by the Bond Trustee at 100% of the principal amount thereof against the obligation of each Member of the Obligated Group to make the next payment with respect to principal on the Bonds.

If the Bond Trustee has not received payment by Noon, New York City time, on the Business Day prior to the date on which principal or Redemption Price of or interest on the Bonds is due, the Bond Trustee shall immediately make oral and facsimile demand to the Master Trustee for such amount with overnight confirmation.

If the amounts in the applicable account of Debt Service Reserve Fund are not at the level of the Senior DSRFR and the Subordinate Class A DSRFR, as applicable, each Member of the Obligated Group shall or shall cause the Master Trustee, on or before the fifteenth (15th) day of the month next following the date each Member of the Obligated Group is notified of such deficiency, to deposit with the Bond Trustee sufficient moneys to meet the Senior DSRFR and the Subordinate Class A DSRFR under the PFA Indenture. No withdrawal from the Debt Service Reserve Fund to make up for a deficiency in the Debt Service Fund shall be deemed to cure any failure by each Member of the Obligated Group to pay or cause to be paid the amounts required by the PFA Loan Agreement when due.

Other Amounts Payable and Other Obligations

Each Member of the Obligated Group further expressly agrees in the PFA Loan Agreement to pay or cause to be paid by the Master Trustee in accordance with the Master Indenture an amount equal to (i) the initial and annual fees of the Bond Trustee for the Ordinary Services of the Bond Trustee rendered and its Ordinary Expenses incurred under the PFA Indenture, including its reasonable fees and expenses as Registrar and in connection with preparation of new Bonds upon exchanges or transfers, and the reasonable fees and expenses of Bond Trustee's counsel, (ii) the reasonable fees and expenses of the Bond Trustee, the Tender Agent, the Remarketing Agent, the Auction Agent and any Paying Agents on the Bonds for acting as such as provided in the PFA Indenture, including the reasonable fees and expenses of their counsel, (iii) the reasonable fees and expenses of the Bond Trustee for Extraordinary Services rendered by it and Extraordinary Expenses incurred by it under the PFA Indenture, including reasonable counsel fees and expenses, (iv) the reasonable fees and expenses of the Authority, including the reasonable fees and expenses of its counsel, incurred by the Authority as a result of an Event of Default or otherwise enforcing the PFA Loan Agreement, and (v) any other sums required to be paid by each Member of the Obligated Group under the terms of the PFA Indenture and the Master Notes. Scheduled fees and expenses shall be paid on or before the scheduled due date. Unscheduled fees and expenses will be paid on the specified due date, or if the due date is fewer than 30 days from receipt, within 30 days of receipt.

Each Member of the Obligated Group agrees to pay or cause to be paid all amounts payable by it in connection with compliance with Section 148 of the Code, including any expenses of the Authority incurred in connection with rebate compliance pursuant to the PFA Indenture and the Master Indenture at the time and in the manner therein provided.

Each Member of the Obligated Group agrees to fund, replenish and maintain all amounts required to be funded, replenished and maintained in the Funds and Accounts established in and as required by the PFA Indenture.

Each Member of the Obligated Group agrees to perform all obligations required to be performed by it under the PFA Indenture in accordance with its terms.

Obligation Unconditional

The obligations of each Member of the Obligated Group under the PFA Loan Agreement and the other Obligated Group Financing Documents shall be absolute and unconditional, irrespective of any defense or any rights of setoff, recoupment or counterclaim it might otherwise have against the Authority or the Bond Trustee. Each Member of the Obligated Group will not suspend or discontinue any such payment or terminate the PFA Loan Agreement (other than in the manner provided thereunder) for any cause, including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, failure of title, or commercial frustration of purpose, or any damage to or destruction of the Project, or the taking by eminent domain of title to or the right of temporary use of all or any part of the Project, or any change in the tax or other laws of the United States, the State or any political subdivision of either thereof; or any failure of the Authority or the Bond Trustee to perform and observe any agreement or covenant, whether expressed or implied, or any duty, liability or obligation arising out of or connected with the Obligated Group Financing Documents.

Issuance of Additional Bonds

If each Member of the Obligated Group is not in default under the PFA Loan Agreement or under the Obligated Group Financing Documents, the Authority may, in its absolute discretion, on written request of an Authorized Representative of each Member of the Obligated Group, from time to time, issue additional Senior Bonds and additional Subordinate Bonds (or one or the other at the same or different times) on a parity with the respective Class of Bonds under which they are designated, in aggregate amounts as requested by each Member of the Obligated Group, but only for the purposes and upon the terms and conditions stated in the PFA Loan Agreement, in the PFA Indenture and in the Act. Additional Bonds shall be issued only for the purposes permitted in the PFA Indenture. In each case, the costs of the issuance and sale of the Additional Bonds and capitalized interest for any construction period and other costs reasonably related to the financing as shall be agreed upon by each Member of the Obligated Group and the Authority may be included in the cost thereof.

No Additional Bonds shall be issued unless (1) the terms of such Additional Bonds, the purchase price to be paid therefor and the manner in which the proceeds therefrom are to be disbursed shall have been approved in writing by each Member of the Obligated Group and the

Authority, (2) each Member of the Obligated Group and the Authority shall have entered into supplements to the General Financing Documents reaffirming the representations and covenants of the Authority and each Member of the Obligated Group therein contained, describing the completion, restoration, additions, extensions, improvements or facilities, if any, to be acquired and constructed or performed and making provisions for the conveyance, transfer and securing of such real property or interests therein as may be necessary or required therefor, and adjusting the aggregate amount payable under the PFA Loan Agreement and delivering an additional Master Note or Master Notes to an amount sufficient to pay, as and when the same matures and becomes due, the principal or Redemption Price, if any, of and interest on such Additional Bonds and other amounts due under the General Financing Documents, and (3) the Authority and the Bond Trustee shall have entered into a Supplemental Indenture authorizing the issuance of such Additional Bonds and setting forth the terms thereof and describing or otherwise identifying any real or personal property to be secured by the PFA Indenture in connection with the issuance of such Additional Bonds, and the Authority shall have otherwise complied with the provisions of the PFA Indenture and the Act with respect to the issuance of such Additional Bonds.

Security for Each Member of the Obligated Group's Performance

The PFA Loan Agreement represents the joint and several general obligations of each Member of the Obligated Group, and the obligations created under the PFA Loan Agreement are evidenced in part by the Master Notes issued pursuant to the Master Indenture. The Master Notes are the joint and several obligations of each Member of the Obligated Group and are secured by such mortgages, liens and security interests as are provided under the Master Indenture. The full faith and credit of each Member of the Obligated Group is pledged for the payment of all sums due or to become due under the PFA Loan Agreement and under the Master Notes. The PFA Loan Agreement constitutes a Related Financing Document, as defined in the Master Indenture.

The obligations under the PFA Loan Agreement are secured by the terms and provisions of the Master Indenture.

Indemnity Against Claims

To the fullest extent permitted by law, each Member of the Obligated Group agrees to indemnify, hold harmless and defend every Authority Indemnified Person, against any and all losses, damages, claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under or any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of or based upon or in any way relating to:

- (i) the Bonds, the PFA Trust Indenture, the PFA Loan Agreement, the Obligated Group Financing Documents or the Tax Agreement or the execution or amendment thereof or in connection with transactions contemplated by the PFA Loan Agreement or thereby, including the issuance, sale or resale of the Bonds;

(ii) the performance and observance by or on behalf of the Authority of those things on the part of the Authority agreed to be performed or observed under the PFA Loan Agreement;

(iii) any act or omission of any Member of the Obligated Group or any of its agents, contractors, servants, employees, tenants or licensees in connection with the Project, the operation of the Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Project or any part thereof;

(iv) any lien or charge upon payments by any Member of the Obligated Group to the Authority and the Bond Trustee under the PFA Loan Agreement, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Authority or the Bond Trustee in respect of any portion of the Project;

(v) any violation of any Environmental Regulations with respect to, or the release of any Hazardous Substances from, the Project or any part thereof;

(vi) the defeasance and/or redemption, in whole or in part, of the Bonds;

(vii) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in any offering or disclosure document or disclosure or continuing disclosure document for the Bonds or any of the documents relating to the Bonds, or any omission or alleged omission from any offering or disclosure document or disclosure or continuing disclosure document for the Bonds of any material fact necessary to be stated therein in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(viii) any declaration of taxability of interest on the Bonds, or allegations that interest on the Bonds is taxable or any regulatory audit or inquiry regarding whether interest in the Bonds is taxable;

(ix) the Bond Trustee's acceptance or administration of the trust of the PFA Trust Indenture, or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Bonds to which it is a party;

(x) any injury to, or death of, any Person or damage to property in or upon any Project Facility or growing out of, or connected with, the use, nonuse, condition or occupancy of the Project Facility;

except (A) in the case of the foregoing indemnification of the Bond Trustee or any of its respective officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the negligence or willful misconduct of such Indemnified Party; or (B) in the case of the foregoing indemnification of any Authority Indemnified Person, to the extent such damages are caused by the willful misconduct of such Indemnified Party. In the event that any action or proceeding is brought against any Indemnified Party with respect to

which indemnity may be sought under the PFA Loan Agreement, each Member of the Obligated Group, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and each Member of the Obligated Group shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of each Member of the Obligated Group if in the judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

(b) The rights of any Persons to indemnity under the PFA Loan Agreement and rights to payment of fees and reimbursement of expenses shall survive the final payment or defeasance of the Bonds and in the case of the Bond Trustee any resignation or removal. The provisions of described above shall survive the termination of the PFA Loan Agreement.

Continuing Disclosure

Each Member of the Obligated Group covenants and agrees in the PFA Loan Agreement that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement (described in Part IV of this Official Statement under “CONTINUING DISCLOSURE”), if and to the extent applicable and required. Notwithstanding any other provision of the PFA Loan Agreement to the contrary, failure of each Member of the Obligated Group to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Bond Trustee may (and, at the request of the holders of at least 25% aggregate principal amount in Outstanding Bonds, of the most senior Class of which Bonds remain Outstanding shall, but only to the extent the Bond Trustee has been tendered funds in an amount satisfactory to it or it has been otherwise indemnified from and against any loss, liability, cost or expense, including without limitation, fees and expense of its counsel and agents and additional fees and charges of the Bond Trustee) or any Bondholder may, take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause each Member of the Obligated Group to comply with its obligations under the PFA Loan Agreement.

Bonds Not to Become Taxable

Each Member of the Obligated Group covenants and agrees that its use of the Proceeds of the Series 2012 PFA Bonds will at all times satisfy the requirements of the Tax Certificate.

Each Member of the Obligated Group will make such use of the proceeds of the Series 2012 PFA Bonds and all other funds held by the Bond Trustee under the PFA Indenture or otherwise allocable to the Series 2012 PFA Bonds, restrict the investment of such proceeds and other funds, and take such other and further action as may be required so that the Series 2012 PFA Bonds will not constitute “arbitrage bonds” under Section 148(a) of the Code and the

Regulations. In particular, but without limitation, each Member of the Obligated Group agrees to instruct the Bond Trustee with respect to investments in accordance with the PFA Indenture. Each Member of the Obligated Group agrees to pay all of the fees and expenses of a nationally recognized bond counsel, a certified public accountant and any other necessary consultant employed by each Member of the Obligated Group or the Authority in connection with any of the requirements imposed by the PFA Indenture.

Each Member of the Obligated Group shall comply and shall cause the Obligated Group Representative to comply with the requirements of Section 148 of the Code as provided in the Master Indenture.

Each Member of the Obligated Group agrees to provide to the Bond Trustee, at such time as required by the Bond Trustee and as otherwise required by the Master Indenture, all information reasonably required by the Bond Trustee with respect to Nonpurpose Investments held under the PFA Indenture or otherwise.

Each Member of the Obligated Group covenants and agrees that the average maturity of the Bonds, taking into account the issue price of the various maturities of the Series 2012 PFA Bonds, will not exceed 120 percent of the reasonably expected economic life of the Project, taking into account the respective cost of each item composing the Project Facilities. For purposes of the preceding sentence, the reasonably expected economic life of the Project shall be determined as of the later of (i) the date on which the Bonds are issued or (ii) the date on which the Project is placed in service (or expected to be placed in service). In addition, land shall not be taken into account in determining the reasonably expected economic life of the Project.

Each Member of the Obligated Group covenants and agrees not to take any action, or knowingly omit to take any action within its control, that, if taken or omitted, respectively, would cause the Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code and applicable regulations thereunder, except as permitted by section 149(b)(3) of the Code and such regulations.

Each Member of the Obligated Group elects in the PFA Loan Agreement not to claim depreciation or an investment credit for federal income tax purposes with respect to any portion of the Project Facilities (or any other property financed with the Net Bond Proceeds of any Series 2012 PFA Bonds). Each Member of the Obligated Group will take all actions necessary to make this election binding on all its successors in interest under the Ground Lease. This election shall be irrevocable. Furthermore, each Member of the Obligated Group covenants that no portion of the Project Facilities (or any other property financed with the Net Bond Proceeds of any Series 2012 PFA Bonds) which is subject to the Mortgages will be removed by each Member of the Obligated Group upon the termination of the Ground Lease.

Events of Default

“Event of Default,” as used in the PFA Loan Agreement, shall mean any of the following events of which the Bond Trustee has received actual written notice (*provided* that the Bond Trustee shall be deemed to have received written notice with respect to any event described in

paragraph (i) below) unless in each case cured by each Member of the Obligated Group, whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body:

(i) if any Member of the Obligated Group shall fail:

(A) to make or cause to be made any payment of principal, Redemption Price or interest pursuant to the PFA Loan Agreement or when due under the PFA Loan Agreement or under the terms of the Master Notes issued pursuant to the PFA Loan Agreement; or

(B) to make any deposit or other payment required to be made to the Bond Trustee under the PFA Loan Agreement prior to the earlier of (1) the 15th day following the due date of such deposit or payment in accordance with the terms of the PFA Loan Agreement, or (2) the date on which any payment is required to be made by the Bond Trustee on the Bonds from any such amount; or

(ii) if any Member of the Obligated Group shall fail to observe or perform any covenant or agreement contained in the PFA Loan Agreement or any Obligated Group Financing Document, the Mortgage to which it is a party or the Master Indenture or the Ground Lease and such failure continues for a period of 30 days after written notice of such failure, requiring the same to be remedied, shall have been given by the Bond Trustee to each Member of the Obligated Group, the giving of which notice shall be at the discretion of the Bond Trustee unless the Bond Trustee is requested in writing to do so by the Holders of at least 25% in aggregate principal amount (i) of all Outstanding Senior Bonds, (ii) or if no such Senior Bonds are Outstanding, of all Outstanding Subordinate Class A Obligations, (iii) or if no such Subordinate Class A Obligations are Outstanding, all Outstanding Subordinate Class B Bonds in which event such notice shall be given; *provided, however*, that if such observance or performance requires work to be done, actions to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied within such 30-day period but can be done, taken or remedied within a reasonable period of time, no Event of Default shall be deemed to have occurred or to exist if, and so long as, each Member of the Obligated Group shall commence such work, action or other remedy within such 30-day period and shall diligently and continuously prosecute the same to completion; or

(iii) if any warranty, representation, certification, financial statement or other information made or furnished to induce the Authority to enter into the PFA Loan Agreement or allow any Bonds to be issued, or made or furnished, at any time, in or pursuant to the terms of any Obligated Group Financing Document or the Ground Lease by the Group Representative or each Member of the Obligated Group shall prove to have been false or misleading in any material respect when made or furnished and shall result in a Material Adverse Effect and, if capable of being cured, such misrepresentation shall continue uncured for thirty (30) or more days from the discovery thereof; *provided*,

however, that if each Member of the Obligated Group commences efforts to cure such misrepresentation within such thirty (30) day period each Member of the Obligated Group may continue to effect such cure of the misrepresentation and such misrepresentation shall not be deemed an Event of Default if each Member of the Obligated Group is diligently pursuing the cure; or

(iv) if an Event of Default under the Master Indenture shall occur and is not waived or cured.

Remedies on Default

Whenever any Event of Default shall have occurred, the Bond Trustee, or the Authority where so provided in the PFA Loan Agreement, may take any one or more of the following actions:

(i) One or more of the Master Notes issued pursuant to the PFA Loan Agreement and the corresponding obligations of each Member of the Obligated Group under the PFA Loan Agreement may be accelerated or shall be accelerated in the same manner and subject to the same conditions as specified in the PFA Indenture with respect to acceleration of the corresponding Class of Bonds, and, to the extent any Bond is accelerated, the corresponding Master Note shall be accelerated to the same extent.

(ii) The Authority, without the consent of the Bond Trustee or any Bondholder, may proceed to enforce the obligations of each Member of the Obligated Group to the Authority in respect of the Unassigned Rights.

(iii) The Bond Trustee may take whatever action at law or in equity it may have to collect the amounts then due and thereafter to become due, or to enforce the performance or observance of the obligations, agreements, and covenants of each Member of the Obligated Group under Obligated Group Financing Documents, including, to the extent permitted by applicable law, by mandamus or by the appointment of a receiver in equity with power to charge and collect rents, purchase price payments, and loan payments and to apply the revenues from the Project in accordance with such Obligated Group Financing Document.

(iv) The Bond Trustee may exercise any and all rights it may have under the General Financing Documents, including, without limitation, the requirement that each Member of the Obligated Group obtain the prior written consent of the Bond Trustee to the taking of any action otherwise permitted by the General Financing Documents.

In the event that any Event of Default or any proceeding taken by the Authority or by the Bond Trustee thereon shall be waived or determined adversely to the Authority or the Bond Trustee, then the Event of Default shall be annulled and the Authority, the Bond Trustee and each Member of the Obligated Group shall be restored to their former rights under the PFA Loan Agreement, but no such waiver or determination shall extend to any subsequent or other default or impair any right consequent thereon.

Optional and Extraordinary Prepayment

Each Member of the Obligated Group shall have, and is granted in the PFA Loan Agreement, the option to prepay its obligation under the PFA Loan Agreement as a whole, or in part, at any time by delivering a written notice to the Bond Trustee in accordance with the PFA Indenture, with a copy to the Authority, setting forth the amount to be prepaid, the amount of Bonds requested to be redeemed with the proceeds of such payment (to the extent authorized by and in the manner required by the Master Indenture and the PFA Indenture or any Supplemental Indenture authorizing the issuance of such Bonds), and the date on which such Bonds are to be redeemed. Such prepayment must be sufficient to provide moneys for the payment of interest and Redemption Price in accordance with the terms of the Bonds requested to be redeemed with such prepayment and all other amounts then due under the Obligated Group Financing Documents. In the event of any complete prepayment of its lease, each Member of the Obligated Group shall, at the time of such prepayment, also pay or provide for the payment of all reasonable or necessary fees and expenses of the Authority, the Bond Trustee and Paying Agent accrued and to accrue through the final payment of all the Bonds.

Any such prepayments shall be applied to the redemption of Bonds in the manner specified in the PFA Indenture and credited against payments due under the PFA Loan Agreement in the same manner.

Each Member of the Obligated Group shall be required to prepay its loan payments under the PFA Loan Agreement in whole or in part to the extent and at the times necessary to effect, a mandatory redemption in the manner and at the times required by the PFA Indenture. Each Member of the Obligated Group may prepay its loan payments under the PFA Loan Agreement in whole or in part to effect an extraordinary optional redemption to the extent, in the manner and at the times permitted pursuant to the PFA Indenture.

Benefit of and Enforcement by Bondholders

The Authority and each Member of the Obligated Group agree that the PFA Loan Agreement is executed in part to induce the purchase by others of the Bonds and for the further securing of the Bonds, and accordingly that all covenants and agreements on the part of the Authority and each Member of the Obligated Group as to the amounts payable with respect to the Bonds and the Master Notes under the PFA Loan Agreement are declared to be for the benefit of the holders from time to time of the Bonds and may be enforced as provided in the PFA Indenture on behalf of the Bondholders by the Bond Trustee.

APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT

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FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Agreement”), dated September 13, 2012, is executed and delivered by Transportation Infrastructure Properties, LLC, as Obligated Group Representative (the “Representative”) on behalf of the Members of the Obligated Group identified in the Master Trust Indenture (as hereinafter defined) (each a “Member” and, collectively, the “Obligated Group”) and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the “Disclosure Dissemination Agent” or “DAC”) for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”).

The services provided under this Agreement solely relate to the execution of instructions received from the parties hereto through use of the DAC system and do not constitute “advice” within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”). DAC will not provide any advice or recommendation to the Issuer, the Obligated Group or anyone on the Issuer’s or the Obligated Group’s behalf regarding the “issuance of municipal securities” or any “municipal financial product” as defined in the Act and nothing in this Agreement shall be interpreted to the contrary.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

“Annual Filing Date” means the date, set in Sections 2(a) and 2(f), by which the Annual Report is to be filed with the MSRB.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Agreement.

“Audited Financial Statements” means the financial statements (if any) of the Obligated Group for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Agreement.

“Annual Report” means an Annual Report described in and consistent with Section 3 of this Agreement.

“Bonds” means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

“Disclosure Dissemination Agent” means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Obligated Person pursuant to Section 8 hereof.

“Disclosure Representative” means Chief Financial Officer of the Obligated Group or his or her designee, or such other person as the Obligated Group shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Failure to File Event” means the Obligated Group’s failure to file an Annual Report on or before the Annual Filing Date.

“Force Majeure Event” means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access System maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Agreement.

“Holder” means any person (a) having 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) or (b) treated as the owner of any Bonds for federal income tax purposes.

“Information” means, collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices and the Failure to File Event Notices.

“Issuer” means the Public Finance Authority, a unit of government under the laws of the State of Wisconsin, as issuer of the Bonds.

“Master Trust Indenture” means the Master Trust Indenture, dated as of September 1, 2012, between the Members of the Obligated Group parties thereto, and Wells Fargo Bank, National Association, as trustee or its successors as trustee thereunder.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Notice Event” means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Agreement.

“Obligated Person” means any person, including each Member of the Obligated Group, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

“Official Statement” means that Official Statement prepared by the Issuer in connection with the Bonds, as listed on Appendix A.

“Quarterly Filing Date” means the date, set in Sections 2(a), by which the Quarterly Report is to be filed with the MSRB.

“Quarterly Financial Information” means quarterly financial information specified in Section 3(c) of this Agreement.

“Quarterly Report” means an Quarterly Report described in and consistent with Section 3 of this Agreement.

“Trustee” means Wells Fargo Bank, National Association, and its successors and assigns.

SECTION 2. Provision of Annual Reports, Quarterly Reports and Required Consultant Reports.

(a) The Representative shall provide, (i) annually, an electronic copy of the Annual Report to the Disclosure Dissemination Agent, together with a copy each for the Issuer and the Trustee, not later than one hundred twenty (120) days after the end of each fiscal year of the Obligated Group, commencing with the fiscal year ending June 30, 2013 (such date and each anniversary thereof is the Annual Filing Date), (ii) quarterly, an electronic copy of the Quarterly Report to the Disclosure Dissemination Agent, together with a copy each for the Issuer and Trustee, not later than forty-five (45) days after the end of each fiscal quarter, commencing with the fiscal quarter ending December 31, 2012 (such date and the date ending each fiscal quarter thereafter is the Quarterly Filing Date), and (iii) an Independent Consultant’s (as defined in the Master Trust Indenture) report in form and substance required by the Master Trust Indenture (such report, a “Required Consultant’s Report”), at the same time and to the extent such Required Consultant’s Report is required to be delivered to the Trustee under the Master Trust Indenture. Promptly upon receipt of an electronic copy of the Annual Report, the Quarterly Report or the Required Consultant’s Report, the Disclosure Dissemination Agent shall provide an Annual Report, a Quarterly Report or a Required Consultant’s Report, as applicable, to the MSRB. Each of the Annual Report, the Quarterly Report or the Required Consultant’s Report, as applicable, may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Agreement.

(b) If on the fifth (5th) day prior to the Annual Filing Date or Quarterly Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Representative of its undertaking to provide the Annual Report or Quarterly Report, as applicable, pursuant to Section 2(a).

(c) If the Disclosure Dissemination Agent has not received an Annual Report or Quarterly Report, as applicable, by 6:00 p.m. Eastern time on the Annual Filing Date or Quarterly Filing Date, as applicable, (or, if such Annual Filing Date or Quarterly Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter), a Failure to File Event shall have occurred and the Representative irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report or Quarterly Report, as applicable, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C.

(d) If Audited Financial Statements of the Obligated Group are prepared but not available prior to the Annual Filing Date, the Obligated Group shall, when the Audited Financial

Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, together with a copy each for the Issuer and the Trustee, for filing with the MSRB.

- (e) The Disclosure Dissemination Agent shall:
 - (i) verify the filing specifications of the MSRB on an annual basis prior to the Annual Filing Date; and
 - (ii) provide the Obligated Group and the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Agreement.

(f) The Representative may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date or Quarterly Filing Date to the Disclosure Dissemination Agent, the Issuer, the Trustee and the MSRB, provided that the period between (the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Agreement and that is accompanied by all other information required by the terms of this Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports and Quarterly Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Obligated Group, including the following information provided in the Official Statement in “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – THE FACILITIES, MANAGEMENT AND THE TENANTS” under “INCLUSION BY SPECIFIC REFERENCE” therein: financial information and operating data of the type set forth under the subheadings “General,” “The Facilities,” “Major Tenants” and “Actual Historical Cash Flows” (presented in the format and including the information set forth in the tables included under the subheading “PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – PROJECTED CASH FLOWS – Management Projections” and in “PART V – APPENDIX H – TOTAL REVENUES PER FACILITY”).”

(b) Audited Financial Statements prepared in accordance with generally accepted accounting principles (“GAAP”) as described in the Official Statement, subject to Section 2(d) hereof, will be included in the Annual Report. If audited financial statements are not available, then, unaudited financial statements, prepared in accordance with GAAP as described in the Official Statement will be included in the Annual Report.

(c) Each Quarterly Report shall contain Quarterly Financial Information with respect to the Obligated Group, including the following information: (i) unaudited financial information of the Obligated Group for such preceding fiscal quarter, including a combined statement of operations prepared on a budget comparative basis for such fiscal quarter and Fiscal Year to date, a combined statement of financial position, a combined statement of cash flows and a combined statement of changes in Members' equity; (ii) an occupancy report for each Member, (iii) subleasing and rental information of the type contained in the Official Statement in "PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – THE FACILITIES, MANAGEMENT AND THE TENANTS" under "INCLUSION BY SPECIFIC REFERENCE" therein for each Project, Mortgaged Property and Additional Property (as such terms are defined in the Master Trust Indenture); (iv) a table updating Exhibit E to the Master Trust Indenture; (v) the items relating to the rate covenant and coverage ratios required by the Master Trust Indenture; and (vi) a copy of a Notice of Reserve Fund Increase or a Notice of Reserve Fund Decrease, each as defined in the Master Trust Indenture, if such Notice of Reserve Fund Increase or Notice of Reserve Fund Decrease, as applicable, has been delivered to the Master Trustee during such preceding fiscal quarter.

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Obligated Group is an "obligated person" (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Representative will clearly identify each such document so incorporated by reference.

Any Annual Financial Information or Quarterly Financial Information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

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 or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with

respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

7. Modifications to rights of Bond holders, 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 Obligated Person;

Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, 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 Obligated Person.

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The Representative shall, in a timely manner not in excess of ten business days after its occurrence, notify the Disclosure Dissemination Agent, the Issuer and the Trustee in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to Section 4(c) hereof. Such notice shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Agreement), include the text of the disclosure that the Representative desires to make, contain the written authorization of the Representative for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Obligated Person desires for the

Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Obligated Group or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Obligated Group or the Disclosure Representative, such notified party will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Obligated Group determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to Section 4(c) hereof. Such notification shall identify the Notice Event that has occurred, include the text of the disclosure that the Obligated Group desires to make, contain the written authorization of the Obligated Group for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Obligated Group desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Obligated Group as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C.

SECTION 5. CUSIP Numbers. Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, Quarterly Reports and Required Consultant's Reports, documents incorporated by reference to the Annual Reports, Quarterly Reports, Audited Financial Statements, Notice Event notices, Failure to File Event notices, and, the Obligated Group shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations. The Obligated Group acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Obligated Group, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Agreement do not extend to providing legal advice regarding such laws. The Obligated Group acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Agreement.

SECTION 7. Termination of Reporting Obligation. The obligations of the Obligated Group and the Disclosure Dissemination Agent under this Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Obligated Group is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required.

SECTION 8. Disclosure Dissemination Agent. The Obligated Group may, upon thirty days written notice to the Disclosure Dissemination Agent, the Issuer and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Obligated Group or DAC, the Obligated Group agrees to appoint a successor Disclosure Dissemination Agent or, alternatively, agrees to assume all responsibilities of the Disclosure Dissemination Agent under this Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Obligated Group shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Representative.

SECTION 9. Remedies in Event of Default. In the event of a failure of the Obligated Group or the Disclosure Dissemination Agent to comply with any provision of this Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Agreement. Any failure by a party to perform in accordance with this Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 10. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Obligated Group has provided such information to the Disclosure Dissemination Agent as required by this Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Obligated Group and shall not be deemed to be acting in any fiduciary capacity for the Obligated Group, the Issuer, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Obligated Group's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Obligated Group has complied with this Agreement. The Disclosure Dissemination Agent may conclusively rely upon written certifications of the Obligated Group at all times.

The obligations of the Obligated Group under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Obligated Group.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 11. No Issuer Responsibility. The Representative and the Disclosure Dissemination Agent acknowledge that neither the Issuer nor the Trustee have undertaken any responsibility, and shall not be required to undertake any responsibility, with respect to any reports, notices or disclosures required by or provided pursuant to this Agreement, and shall have no liability to any person, including any Holder of the Bonds, with respect to any such reports, notices or disclosures.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Representative and the Disclosure Dissemination Agent may amend this Agreement and any provision of this Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to each of the Representative and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither of the Representative or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Representative and the Disclosure Dissemination Agent shall have the right to adopt amendments to this Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the Trustee and the Issuer.

SECTION 13. Beneficiaries. This Agreement shall inure solely to the benefit of the Representative, the Issuer (as a third party beneficiary), the Trustee (as a third party beneficiary), the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Agreement shall be governed by the laws of the State of New York (other than with respect to conflicts of laws).

SECTION 15. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank.]

The Disclosure Dissemination Agent and the Issuer have caused this Continuing Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Disclosure Dissemination Agent

By: _____
Name: _____
Title: _____

TRANSPORTATION INFRASTRUCTURE
PROPERTIES, LLC, as Obligated Group
Representative

By: _____
Name: _____
Title: _____

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer: Public Finance Authority
Obligated Person(s): Transportation Infrastructure Properties Obligated Group
Name of Bond Issue: Senior Airport Facilities Revenue and Refunding Bonds (TrIPs
Obligated Group) Series 2012B
Date of Issuance: September 13, 2012
Date of Official Statement: August 24, 2012

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO FILE [ANNUAL REPORT/QUARTERLY REPORT]

Issuer: Public Finance Authority

Obligated Person: Transportation Infrastructure Properties Obligated Group

Name of Bond Issue: Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group) Series 2012B

Date of Issuance: September 13, 2012

CUSIP Numbers:

NOTICE IS HEREBY GIVEN that the Representative has not provided [an Annual Report/a Quarterly Report] with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated September 13, 2012, by and between the Representative on behalf of the Obligated Group and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. The Representative has notified the Disclosure Dissemination Agent that it anticipates that the [Annual Report/Quarterly Report] will be filed by _____.

Dated: _____

Digital Assurance Certification, L.L.C., as
Disclosure Dissemination Agent, on behalf of the
Obligated Group

cc: Issuer
Obligated Group

EXHIBIT C
EVENT NOTICE COVER SHEET

This cover sheet and accompanying "event notice" will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Obligated Person's Name:

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

Number of pages attached: _____

____ Description of Notice Events (Check One):

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, IRS notices or events affecting the tax status of the security;"
7. _____ "Modifications to rights of securities holders, if material;"
8. _____ "Bond calls, if material;"
9. _____ "Defeasances;"
10. _____ "Release, substitution, or sale of property securing repayment of the securities, if material;"
11. _____ "Rating changes;"
12. _____ "Tender offers;"
13. _____ "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
14. _____ "Merger, consolidation, or acquisition of the obligated person, if material;" and
15. _____ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material."

____ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

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APPENDIX E – FORM OF APPROVING OPINION OF PFA CO-BOND COUNSEL

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September __, 2012

Public Finance Authority
Madison, Wisconsin

Wells Fargo Bank, National Association,
as trustee for the below captioned Bonds
Chicago, Illinois

Re: \$189,400,000 Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012B

Ladies and Gentlemen:

We have acted as Co-Bond Counsel to the Public Finance Authority (the “Issuer”) in connection with the issuance of its \$189,400,000 Public Finance Authority Senior Airport Facilities Revenue and Refunding Bonds (TriPs Obligated Group), Series 2012B (the “Series 2012B Bonds”). The Series 2012B Bonds are being issued pursuant to: (i) Sections 66.0301 and 66.0303, together with Section 66.0304 of the Wisconsin Statutes (the “Act”), and that certain Amended and Restated Joint Exercise of Powers Agreement dated as of September 28, 2010, among the members of the Issuer (the “JPA”); and (ii) a Trust Indenture dated as of September 1, 2012 (the “Indenture”) by and between Wells Fargo Bank, National Association, as bond trustee (the “Bond Trustee”), and the Issuer, to accomplish the public purposes of the Act by providing funds to refinance the outstanding indebtedness listed on Schedule A attached hereto (the “Refunded Bonds”). Each series of Refunded Bonds was issued to provide funds to finance certain costs of the acquisition and construction or rehabilitation of an air cargo facility located at an airport, and certain rights with respect thereto (collectively, the “Project Facilities”). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Indenture.

Each of the Project Facilities is located on land held by a governmental owner in fee simple and leased to a Member of the Obligated Group, pursuant to a lease agreement between such governmental fee simple owner (each, an “Airport”) and such Member of the Obligated Group for a term of not more than 80 percent of the reasonably expected life of the Project Facilities. None of these leases (each, a “Ground Lease”) provides a Member with any option to purchase the Project Facilities other than at fair market value (as of the time such option is exercised). Each Member of the Obligated Group has irrevocably elected not to claim depreciation or an investment credit with respect to the Project Facilities, which election is noted in the land records of the respective recording office.

The Issuer and certain Members of the Obligated Group have entered into a Loan and Security Agreement dated as of September 1, 2012 (the “Loan Agreement”), whereby the Issuer will loan the proceeds of the Series 2012B Bonds to certain Members of the Obligated

Group in order to finance, together with other available funds, the costs of (i) refunding a portion of the Refunded Bonds, (ii) funding a deposit to the Debt Service Reserve Fund for the Series 2012B Bonds, and (iii) paying the costs of issuance of the Series 2012B Bonds (collectively, (i), (ii) and (iii) constituting the “2012 Project”).

On the sale date of the Series 2012B Bonds, the New York City Industrial Development Agency (the “NYC IDA”) sold its \$_____ Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012A Bonds (the “IDA Bonds”) and the Issuer placed its \$_____ Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012C (the “Series 2012C Bonds”) and its \$_____ Subordinate Class B Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012D (the “Series 2012D Bonds”). On the date hereof, the Issuer is also issuing the Series 2012C Bonds and the Series 2012D Bonds and the NYC IDA is issuing the IDA Bonds; and, further, the Issuer is issuing its (i) \$_____ Senior Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012E (the “Series 2012E Bonds”) and (ii) \$_____ Subordinate Class B Airport Facilities Revenue and Refunding Bonds (TrIPs Obligated Group), Series 2012F (the “Series 2012F Bonds”, and collectively with the Series 2012C Bonds, Series 2012D Bonds and Series 2012E Bonds, the “Other PFA Bonds”).

The Series 2012B Bonds, the Other PFA Bonds and the IDA Bonds are secured by master notes (each, a “Master Note” and collectively, the “Master Notes”) issued by, and evidencing a joint and several obligation of, all of the Members of the Obligated Group under that certain Master Trust Indenture, dated as of September 1, 2012, between the Members of the Obligated Group and Wells Fargo Bank, National Association, as Master Trustee (the “Master Trustee”), as supplemented by that certain First Supplemental Master Trust Indenture, dated as of September 1, 2012, between the Master Trustee and the Members of the Obligated Group (together, the “Master Trust Indenture”).

To secure its joint and several obligations evidenced by the Master Notes and all other Obligations of the Obligated Group under the Master Indenture: (i) certain Members of the Obligated Group will enter into a leasehold mortgage or deed of trust, or a fee simple mortgage or deed of trust (collectively, the “Mortgages”), pursuant to which each such Member of the Obligated Group will grant to the Master Trustee a lien on its interest in the Project Facilities or other property pledged as additional collateral; and (ii) each Member of the Obligated Group will pledge and grant a security interest in its Gross Revenues to the Master Trustee. The Bond Trustee’s interest in the Master Notes together with any amounts in the funds and accounts established under the Indenture (except the Rebate Fund) are the security for the Series 2012B Bonds.

The Indenture and the Loan Agreement are hereinafter referred to as “Bond Documents”. The Indenture, the Master Trust Indenture, the Master Note, the Loan Agreement and the Mortgages are hereinafter referred to collectively as the “Financing Documents”.

The Internal Revenue Code of 1986, as amended (the “Code”) contains various requirements pertaining to the exclusion of interest on bonds from the gross income of the holders thereof including various requirements pertaining to (a) use of the proceeds of the Series 2012B Bonds, (b) the maturity of, and security for, the Series 2012B Bonds, (c) the payment to the United States of certain amounts earned from investment of proceeds of the Series 2012B Bonds, (d) the procedure for issuance of the Series 2012B Bonds, (e) governmental ownership under the safe harbor provided in Section 142(b)(1)(B) of the Code, and (f) filings with the Internal Revenue Service in respect of the Series 2012B Bonds.

The Series 2012B Bonds, the Other PFA Bonds sold on the same date as the Series 2012B Bonds and the IDA Bonds are being issued on the date hereof pursuant to a common plan of financing based on common security and are expected to be paid from Gross Revenues pledged by each Member of the Obligated Group under the Master Indenture. The Issuer and each Member of the Obligated Group have certified that the Series 2012B Bonds and the Other PFA Bonds meet the requirements of the Code on the date hereof, and the Issuer and each Member of the Obligated Group has covenanted that the requirements of the Code will be met as long as any of the Series 2012B Bonds and the Other PFA Bonds are outstanding. The exclusion from gross income of the interest on the Series 2012B Bonds and the Other PFA Bonds depends upon and is subject to the accuracy of the certifications by the Issuer and each Member of the Obligated Group with respect to the use of proceeds, investment of proceeds and rebate of earnings on the proceeds of the Series 2012B Bonds, the Other PFA Bonds and the IDA Bonds and to present and continuing compliance with the requirements of the Code. Failure to comply with these requirements could cause interest on the Series 2012B Bonds to become required to be included in gross income as of the date hereof or as of some later date.

The Issuer and each Member of the Obligated Group have covenanted in the Financing Documents that they will not use the proceeds of the Series 2012B Bonds or the Other PFA Bonds or any moneys derived, directly or indirectly, from the use or investment thereof in a manner which would cause the Series 2012B Bonds to be “arbitrage bonds” as that term is defined in Section 148(a) of the Code. An officer of the Issuer responsible for issuing the Series 2012B Bonds and the Obligated Group Representative have executed a certificate stating the reasonable expectations of the Issuer and the Members of the Obligated Group on the date of issuance as to future events that are material for purposes of Section 148 of the Code pertaining to arbitrage and certain other matters (the “Tax Matters Certificate”). Also, the Issuer will file with the Internal Revenue Service a report of the issuance of the Series 2012B Bonds as required by Section 149(e) of the Code as a condition of the exclusion from gross income of the interest on the Series 2012B Bonds.

In our capacity as Co-Bond Counsel, we have examined such documents, records of the Issuer and other instruments as we deemed necessary to enable us to express the opinions set forth below, including original counterparts or certified copies of each of the Financing Documents, and the other documents listed in the Closing Index in respect of the Series 2012B Bonds, and the executed Series 2012B Bonds. We assume that each of the Financing Documents has been duly authorized, executed and delivered by the Trustee, the Master

Trustee and/or the Members of the Obligated Group, as applicable. We do not render any opinion with respect to the priority of the lien and the Mortgages or title to the Project.

In connection with the issuance of the IDA Bonds, Hawkins Delafield & Wood LLP (“Hawkins”) will deliver an opinion concerning the exclusion of interest on the IDA Bonds for federal income tax purposes. In addition, we will deliver an opinion concerning the exclusion of interest on the Other PFA Bonds for federal income tax purposes. With your permission, we have relied upon the Hawkins opinion with respect to the IDA Bonds with respect to the opinion in point 4 below.

Based on the foregoing, it is our opinion that:

1. The Issuer has full power under the Act to enter into, execute, deliver and perform its obligations under, and accept, as applicable, each of the Bond Documents, and to issue, sell and deliver the Series 2012B Bonds.

2. The execution and delivery of the Bond Documents have been duly authorized by all necessary action on the part of the Issuer and the Bond Documents have been duly executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, each such document constitutes a legal, valid and binding obligation of the Issuer enforceable in accordance with its respective terms, except to the extent the enforceability thereof may be limited by future proceedings under bankruptcy, reorganization, debt arrangement, insolvency, moratorium or other laws of general application or principles of equity relating to or affecting the enforcement of creditors’ rights generally.

3. The issuance and sale of the Series 2012B Bonds have been duly authorized by the Issuer; the Series 2012B Bonds have been duly executed and delivered by the Issuer; and, on the assumption that all Series 2012B Bonds have been authenticated by the Bond Trustee, such Series 2012B Bonds are entitled to the benefit and security of the Indenture and the trust created thereby and are legal, valid and binding obligations of the Issuer enforceable in accordance with their terms, except to the extent the enforceability thereof may be limited by future proceedings under bankruptcy, reorganization, debt arrangement, insolvency, moratorium or other laws of general application or principles of equity relating to or affecting the enforcement of creditors’ rights generally.

4. Assuming the accuracy of the certifications of the Issuer and each Member of the Obligated Group and their continued compliance with their respective covenants in the Financing Documents, requirements of the Code, and relying upon the opinions of the Other Bond Counsel with respect to the matters concerning the bonds other than the Series 2012B Bonds addressed herein, interest on the Series 2012B Bonds is excludable from gross income for purposes of federal income taxation under existing laws as enacted and construed on the date hereof (except for interest on any Series 2012B Bonds while held by a substantial user of the Project Facilities or a related person as defined in Section 147(a) of the Code). Interest on the Series 2012B Bonds will be a preference item for purposes of determining individual and corporate federal alternative minimum tax. Interest on the Series 2012B Bonds held by certain foreign corporations may be subject to the branch profits tax imposed by the Code.

We express no opinion regarding taxation of the Series 2012B Bonds or interest on the Series 2012B Bonds in any state.

The Series 2012B Bonds maturing on July 1, 2042 are offered at a discount (“original issue discount”) equal generally to the difference between public offering price and principal amount. Original issue discount on a Series 2012B Bond accrues as tax-exempt interest periodically over the term of the Series 2012B Bond. The accrual of original issue discount increases the holder’s tax basis in the Series 2012B Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Holders should consult their tax advisers for an explanation of the accrual rules.

The Series 2012B Bonds maturing on July 1, 2022 (the “Noncallable Premium Bonds”) and the Series 2012B Bonds maturing on July 1, 2028 (collectively, the “Callable Premium Bonds” and together with the Noncallable Premium Bonds, the “Premium Bonds”) have been sold at a premium and will be reoffered at prices in excess of the principal amount payable at maturity in the case of the Noncallable Premium Bonds or their earlier call date in the case of the Callable Premium Bonds. We are further of the opinion that, under the Code, the difference between the principal amount payable at maturity of the Noncallable Premium Bonds and the tax basis of a Noncallable Premium Bond to a purchaser and the difference between the amount payable at the call date of the Callable Premium Bonds that minimizes the yield to a purchaser of a Callable Premium Bond and the tax basis to the purchaser (in either case, other than a purchaser who holds a Premium Bond as inventory, stock in trade or for sale to customers in the ordinary course of business) is “bond premium.” Bond premium is amortized over the term of a Noncallable Premium Bond and over the period to the call date of a Callable Premium Bond that minimizes the yield to the purchaser of the Callable Premium Bond. A purchaser of a Premium Bond is required to decrease his or her adjusted basis in the Premium Bond by the amount of amortizable bond premium attributable to each taxable year he or she holds the Premium Bond. The amount of amortizable bond premium attributable to each taxable year is determined at a constant interest rate compounded actuarially. The amortizable bond premium attributable to a taxable year is not deductible for federal income tax purposes. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. Purchasers of Premium Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of the treatment of bond premium upon the sale, redemption or other disposition of Premium Bonds and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

Ownership of the Series 2012B Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S Corporations with “excess net passive income” and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Series 2012B Bonds. We express no opinion as to such collateral income tax consequences. Prospective purchasers of the Series 2012B Bonds should consult their own tax advisors as to such consequences.

We express no opinion herein with respect to the adequacy of accuracy of the Offering Statement or any other offering document or other information pertaining to the offering for sale of the Series 2012B Bonds.

We call your attention to the fact that the Series 2012B Bonds are special, limited obligations of the Issuer payable only out of payments to be made by the Members of the Obligated Group pursuant to the Master Notes and certain other moneys available therefor and that the Series 2012B Bonds are not a debt of the State of Wisconsin (“State”) or any other political subdivision of the State, and neither the State nor any other political subdivision of the State will be liable for the payment of the Series 2012B Bonds. The full faith and credit of the Issuer, the State or any political subdivision of the State are not pledged to the payment of the principal of or interest on the Series 2012B Bonds.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion as 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,

Schedule A

<u>Name and Original Principal Amount of Bonds</u>	<u>Facility Name</u>	<u>Applicable Member of Obligated Group</u>
\$5,420,000 Grapevine Industrial Development Corporation Senior Air Cargo Revenue Bonds, Series 2002 (Cargo Acquisition Companies Obligated Group)	DFW I	Aero DFW, LP
\$4,400,000 Grapevine Industrial Development Corporation Multi-Modal Senior Air Cargo Special Facility Revenue Bonds, Series 2008 (Aero DFW II, Project) (Cargo Acquisition Companies Obligated Group II)	DFW II	Aero DFW II, LP
\$18,885,000 Capital Trust Agency Senior Air Cargo Revenue Bonds, Series 2003 (Ft. Lauderdale Project) (Cargo Acquisition Companies Obligated Group)	Ft. Lauderdale	Aero Lauderdale, LLC
\$2,355,000 Capital Trust Agency Senior Air Cargo Revenue Bonds, Series 2003 (Aero Ft. Myers Project) (Cargo Acquisition Companies Obligated Group)	Aero Ft. Myers	Aero Ft. Myers, LLC
\$7,685,000 Susquehanna Area Regional Airport Authority Airport Facilities Revenue Bonds (Aero Harrisburg, LLC Project) Series 1999	Aero Harrisburg	Aero Harrisburg, LLC
\$16,190,000 City of Houston Industrial Development Corporation Senior Air Cargo Revenue Bonds, Series 2002 (Cargo Acquisition Companies Obligated Group)	Houston Central	Aero Houston Central, LP
\$10,670,000 City of Houston Industrial Development Corporation Adjustable Rate Air Cargo Revenue Bonds, Series 2003A (Aero Houston East, LP Project)	Houston East I	Aero Houston East, LP
\$2,750,000 City of Houston Industrial Development Corporation Subordinate Fixed Rate Air Cargo Revenue Bonds, Series 2003B (Aero Houston East, LP Project)	Houston East I	Aero Houston East, LP
\$23,350,000 City of Houston Industrial Development Corporation Multi-Modal Senior Air Cargo Special Facility Revenue Bonds, Series 2008 (Aero Houston East II, LP Project) (Cargo Acquisition Companies Obligated Group II)	Houston East II	Aero Houston East II, LP
\$3,295,000 The Industrial Development Authority of the City of Kansas City, Missouri Senior Air Cargo Revenue Bonds, Series 2002 (Cargo Acquisition Companies Obligated Group)	Kansas City	Aero Kansas City, LLC
\$15,500,000 Regional Airport Authority of Louisville and Jefferson County, Kentucky, Special Facilities Revenue Bonds, 1999 Series A (Aris Louisville, L.L.C. Project)	Aero Louisville	Aero Louisville, LLC

\$81,000,000 Miami-Dade County Industrial Development Authority Tax-Exempt Industrial Development Revenue Bonds (Airis Miami, LLC Project at Miami International Airport) Series 1999A	Miami I	Aero Miami I, LLC
\$4,000,000 Miami-Dade County Industrial Development Authority Taxable Industrial Development Revenue Bonds (Airis Miami, LLC Project at Miami International Airport) Series 1999B	Miami I	Aero Miami I, LLC
\$17,225,000 Miami-Dade County Industrial Development Authority Industrial Development Revenue Bonds (Airis Miami II, LLC Project at Miami International Airport) Series 1999	Miami II	Aero Miami II, LLC
\$8,595,000 City of Milwaukee, Wisconsin Senior Air Cargo Revenue Bonds, Series 2002 (Cargo Acquisition Companies Obligated Group)	Milwaukee	Aero Milwaukee, LLC
\$4,280,000 City of Milwaukee, Wisconsin Subordinate Air Cargo Revenue Bonds, Series 2002 (Cargo Acquisition Companies Obligated Group)	Milwaukee	Aero Milwaukee, LLC
\$59,700,000 New Jersey Economic Development Authority Economic Development Revenue Refunding Bonds (Airis Newark, L.L.C. Project) Series 1998	Newark	Aero Newark, LLC
\$5,380,000 Louisiana Local Government Environmental Facilities and Community Development Authority Senior Air Cargo Revenue Bonds, Series 2002 (Cargo Acquisition Companies Obligated Group)	New Orleans	Aero New Orleans, LLC
\$4,570,000 Norfolk Airport Authority Airport Cargo Facilities Revenue Bonds (Aero Norfolk, LLC Project) Series 2002	Aero Norfolk	Aero Norfolk, LLC
\$1,430,000 Oklahoma City Industrial and Cultural Facilities Trust Senior Air Cargo Revenue Bonds, Series 2003 (Cargo Acquisition Companies Obligated Group)	Oklahoma City	Aero Oklahoma, LLC
\$3,410,000 Oklahoma City Industrial and Cultural Facilities Trust Subordinate Air Cargo Revenue Bonds, Series 2003 (Cargo Acquisition Companies Obligated Group)	Oklahoma City	Aero Oklahoma, LLC
\$55,000,000 City of Chicago Variable/Fixed Rate Demand Special Facilities Airport Revenue Bonds (Centerpoint O'Hare, LLC Project) Series 1997	O'Hare Express Center	Aero O'Hare, LLC
\$47,000,000 City of Chicago Chicago O'Hare International Airport Variable/Fixed Rate Demand Special Facilities Revenue Bonds (O'Hare Tech Center II, L.L.C. Project) Series 2002	O'Hare Upper Express	Aero O'Hare Express, LLC

PART IV - APPENDIX E-9

\$7,395,000 Capital Trust Agency Subordinate Class A Air Cargo Revenue Bonds, Series 2003 (Cargo Acquisition Companies Obligated Group)	Orlando I	Aero Orlando, LLC
\$7,820,000 Capital Trust Agency Revenue Bond Anticipation Note, Series 2007 (Aero Orlando II, LLC Project)	Orlando II	Aero Orlando II, LLC
\$1,050,000 Capital Trust Agency Senior Air Cargo Revenue Bonds, Series 2002 (Cargo Acquisition Companies Obligated Group)	Pensacola	Aero Pensacola, LLC
\$10,290,000 Philadelphia Authority for Industrial Development Subordinate Air Cargo Revenue Bonds, Series 2002A (Cargo Acquisition Companies Obligated Group)	Philadelphia C-7	Aero Phila, LP
\$4,500,000 Philadelphia Authority for Industrial Development Subordinate Air Cargo Revenue Bonds, Series 2002B (Cargo Acquisition Companies Obligated Group)	Philadelphia C-7	Aero Phila, LP
\$9,910,000 Philadelphia Authority for Industrial Development Airport Facilities Revenue Bonds (Aero Philadelphia, LLC Project) Series 1999	Philadelphia C-8	Aero Philadelphia, LLC
\$6,960,000 State of Oregon Taxable Senior Economic Development Air Cargo Revenue Bonds, Series 2006 (Portland Project) (Cargo Acquisition Companies Obligated Group)	Portland, OR	Aero Portland, LLC
\$13,975,000 Onondaga County Industrial Development Agency Senior Air Cargo Revenue Bonds, Series 2002 (Cargo Acquisition Companies Obligated Group)	Syracuse	Aero Syracuse, LLC
\$6,005,000 Onondaga County Industrial Development Agency Subordinate Air Cargo Revenue Bonds, Series 2002 (Cargo Acquisition Companies Obligated Group)	Syracuse	Aero Syracuse, LLC

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PART V – APPENDICES

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APPENDIX A – CBRE INDEPENDENT CONSULTANT REPORT

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FINAL



For

Aeroterm U.S. Portfolio Market

Assessment and Roll-Up

July 12, 2012

To:

Mr. Mitchell R. Gordon
CFO
Realterm Global
201 West Street, Suite 200
Annapolis, MD 21401

CBRE

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This letter/proposal is intended solely as a preliminary expression of general intentions and is to be used for discussion purposes only. The parties intend that neither shall have any contractual obligations to the other with respect to the matters referred herein unless and until a definitive agreement has been fully executed and delivered by the parties. The parties agree that this letter/proposal is not intended to create any agreement or obligation by either party to negotiate a definitive lease/purchase and sale agreement and imposes no duty whatsoever on either party to continue negotiations, including without limitation any obligation to negotiate in good faith or in any way other than at arm's length. Prior to delivery of a definitive executed agreement, and without any liability to the other party, either party may (1) propose different terms from those summarized herein, (2) enter into negotiations with other parties and/or (3) unilaterally terminate all negotiations with the other party hereto.

Cover Letter



July 12, 2012

Mr. Mitchell R. Gordon
CFO
Realterm Global
201 West Street, Suite 200
Annapolis, MD 21401

P. Barton DeLacy
Director
CBRE Valuation and Advisory

311 S. Wacker Drive
Suite 400
Chicago, IL 60606
(312) 233-8672 Office
(503) 319-8086 Cell

p.barton.delacy@cbre.com
www.cbre.com

Re: U.S. Market Assessment and Roll-Up

Dear Mr. Gordon:

On behalf of CBRE, we are pleased to present this market assessment and cash flow roll-up of Aeroterm's U.S. Portfolio of air cargo-related facilities located on or near 26 airports. The purpose of this study has been to produce a consolidated cash flow analysis projecting performance of Aeroterm at the enterprise level. It is our understanding the intended user of this study would be Goldman Sachs, or other parties serving as bonding advisors to Realterm, the parent company for Aeroterm.

This second draft reflects revisions and comments following our New York meetings June 20-21, 2012.

Our scope of work included addressing in summary the overall air-cargo industry, the competitive environment, the subject portfolio, as well as an assessment of each submarket. This market study has been undertaken to provide a context for a roll-up, consolidation and projection of individual project cash flows into a single projection reflecting both long-term trends and prevailing local market conditions. Finally, our report concludes with an assessment discussing the relative risk implications at the portfolio level and how that risk might affect bond pricing and debt levels.

In compiling the individual cash flows, we first reviewed the Argus runs for each property as prepared by Aeroterm. In many cases, we updated revenue projections to begin on the same date and to reflect current lease terms, based on lease abstracts that were uploaded for our reference. While underlying land leases often varied as to date of expiration, we made a series of compound assumptions to consolidate and project a single cash flow for the enterprise as a whole. For these purposes, cash flow available for debt service is equal to net operating income. Our results varied to some degree from Aeroterm's internal projections made prior to this engagement.

Cover Letter

Overall, we found that the internal Aeroterm cash flow projections have been prepared in a reasonable manner and appropriately reflect the anticipated performance at both the property level and when consolidated.

Based on our assessment of the historical and projected property cash flows, as evaluated as part of our feasibility report, we've concluded that the expenditures budgeted for routine repairs and maintenance, in combination with periodic CapEx renovations will extend the economic life of every property within the Trip's pool of assets beyond the current ground lease terms and for fee simple properties through at least the end of 2042.

As further detailed, we have specifically evaluated the budgetary line items within Operating Expenses: R&M, R&M – Office, Major repairs, in addition to the CapEx budgets, which, themselves, are generally established at \$0.12/sq. ft., except where properties have been identified as requiring less, in order to draw our conclusion.

The following real property appraisal consulting report sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinions expressed. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, our interpretation of the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), specifically Standard 5, Real Property Appraisal Consulting and Reporting. Further, we intend this report to conform to the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

The staffing for this report was a team effort led by Barton DeLacy, Director of the CBRE Valuation Consulting Practice (Chicago) who served as project manager. Other key professionals included Rolf Kemen, Managing Director for Global Corporate Services Consulting (Minneapolis); Clinton Bogart, Vice President Industrial Property Valuation (Houston), Kyle Redfearn, Managing Director for Financial Reporting (Dallas) and Steve Shumake, Managing Director (Houston). In addition, CBRE valuation professionals assisted with local market analysis, as needed.

Please feel free to contact me with comments or questions: (312) 233- 8672 or at p.barton.delacy@cbre.com.

Thank you for the opportunity to present this report.

Sincerely,

A handwritten signature in blue ink that reads "P. Barton DeLacy". The signature is fluid and cursive, with a large loop at the end.

P. Barton DeLacy, MAI, CRE, FRICS
National Director Energy Practice
CBRE Valuation and Advisory

Certification

CERTIFICATION OF THE REAL PROPERTY APPRAISAL CONSULTING REPORT

We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
6. This real property appraisal consulting assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. As of the date of this report, P. Barton DeLacy, MAI, CRE, FRICS has completed the continuing education program of the Appraisal Institute.
11. Properties that are the subject of this report were not inspected as part of this engagement.
12. Significant real property appraisal assistance to the persons signing this report was provided by Rolf Kemen, Kyle Redfearn, MAI, Steve Shumake, MAI and Clinton Bogart.
13. Valuation & Advisory Services operates as an independent economic entity within CBRE, Inc. Although employees of other CBRE, Inc. divisions may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.



P. Barton DeLacy, MAI, CRE, FRICS

Executive Summary

PROJECT OVERVIEW

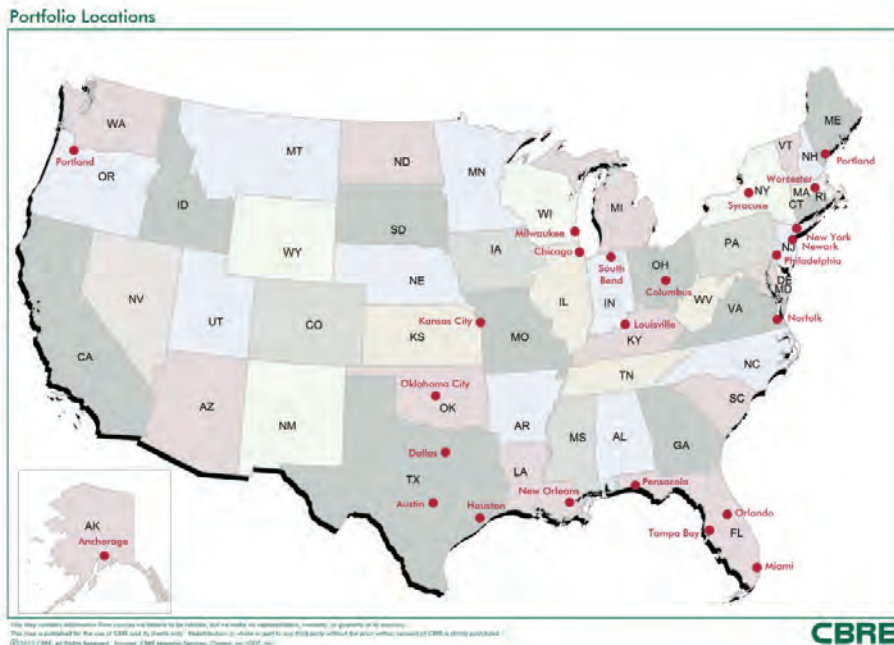
The Aeroterm Portfolio (“the Portfolio”) is comprised of uniquely positioned airside facilities at major gateway airports throughout the U. S. All totaled this portfolio includes 101 buildings at 25 airports and approximately 6.3 million square feet. Aeroterm is Realterm Global’s airport real estate and infrastructure operating entity. Aeroterm specializes in the development, acquisition, financing, construction, leasing and management of airport logistics properties. It is North America’s largest owner and manager of air cargo facilities, with over \$1.13 billion in assets. Most of the air-freight related facilities are located on leased airport land, and in turn, each Aeroterm property is leased to one or more tenants in the air cargo, freight integration or aircraft parking businesses.

Realterm Global, as the parent company, wishes to consolidate its existing tax-exempt financing on its air cargo portfolio which includes 48 Aeroterm facilities located across the country, into a consolidated bond offering.

Our report has three sections:

1. The market feasibility study
2. Individual project cash flows available for debt service are consolidated with summaries of each market area
3. Risk assessment identifies and evaluates risk profile of portfolio relative to competing investment opportunities

Behind this report we have prepared addenda with each of the Argus cash flow models, a bibliography of sourced data and profiles of team members. The map below displays portfolio Airport locations. The table, following, clusters properties by airport. The Argus numbering follows through to the cash flows.



Executive Summary

Executive Summary

AeroTerm US Portfolio Inventory															
Area	Argus #	Address	Airport Name	State	Argus NRA	Ramp	office %	Site area	# Bldgs.	Yr. blt	Tenants	Land Lease Expiration	Land Lease Options	Actual Occupancy	Stabilized Occupancy
1	1	Land 512 Express Center Drive	O'Hare (ORD)	IL				2.39				8/1/2042	1 @ 13 Yrs. & 1.5 mos.	N/A	
	2	514 Express Center Drive	O'Hare (ORD)	IL	660,830		28.00%	43.82	1	1998	1	8/1/2042	1 @ 13 Yrs. & 1.5 mos.	73.6%	90%
	3	515 Express Center Drive	O'Hare (ORD)	IL			15.00%		1	1997	2	8/1/2042	1 @ 13 Yrs. & 1.5 mos.		90%
	4	516 Express Center Drive	O'Hare (ORD)	IL			5.00%		1	1998	2	8/1/2042	1 @ 13 Yrs. & 1.5 mos.		95%
	5	517 Express Center Drive	O'Hare (ORD)	IL			10.00%		1	1997	1	8/1/2042	1 @ 13 Yrs. & 1.5 mos.		95%
	6	891 Upper Express Drive	O'Hare (ORD)	IL	314,963		5.00%	25.34	1	2003	1	2/4/2042	15 Yrs.	100.0%	95%
	7	893 Upper Express Drive	O'Hare (ORD)	IL			7.00%		1	2005	1	2/4/2042	15 Yrs.		95%
	8	899 Upper Express Drive	O'Hare (ORD)	IL			100.00%		1	2004	1	2/4/2042	15 Yrs.		95%
	9	Land 895-897 Upper Express Drive	O'Hare (ORD)	IL			-	24.00	-	-	0	2/4/2042	15 Yrs.		-
3	10	3830 W. Old International Way	(Ted Stevens) Anchorage (ANC)	AK	80,884	116,824	14.80%	12.31	1	1983	6	11/30/2035	None	44.1%	85%
4	11	300 Century Drive	Boylston (Off Airport)	MA	88,590		10.00%	11.99	1	2001	1	Fee		100.0%	100%
5	12	3010 North Airfield Drive	Aero DFW Bldg 1	TX	39,000		18.30%	2.50	1	1983	1	8/31/2020	None	69.9%	95%
	13	1900-1930 West Airfield Drive	Aero DFW Bldg A-D	TX	131,817		30.00%	10.20	4	1972	14	12/31/2019	None	60.7%	80%
	14	1625 West 18 th Street	Aero DFW Bldg E	TX	23,440		22.80%	1.84	1	1984	1	7/31/2035	None	100.0%	95%
	15	1830 West Airfield Drive	Aero DFW II, LP	TX	116,895		17.00%	5.03	1	1987	1	5/31/2025	None	100.0%	95%
	16	2323 & 2405-2417 N. Support Road & Ramp	Aero DFW III, LP	TX	330,849	265,900	N/A	35.41	5		3	6/6/2029	None	41.5%	80%
	17	1840-1850 West Airfield Drive	Aero DFW II, LP	TX	78,742		22.00%	6.97	2	1987	4	6/30/2026	None	98.4%	95%
	18	1100-1104 East Dallas Road	Aero DFW Fee, LP	TX	78,249		23.00%	7.27	3	1985-8	5	Fee	N/A	88.5%	95%
6	19	660 SW 34th Street, Bldg 1	Fort Lauderdale (FLL)	FL	151,213		36.40%	24.52	1	1997	3	7/31/2032	None	77.2%	90%
	19	650 SW 34th Street, Bldg 2	Fort Lauderdale (FLL)	FL		173,260			1	1987	6	7/31/2032	None		
	19	610 SW 34th Street, Bldg 3	Fort Lauderdale (FLL)	FL		29,910			1	1990	4	7/31/2032	None		
	19	498 SW 34th Street, Bldg 4	Fort Lauderdale (FLL)	FL		116,030			1	1968	1	7/31/2032	None		
	19	508 34th Street, Bldg 6	Fort Lauderdale (FLL)	FL		55,900			1	1990	1	7/31/2032	None		
	19	Hangar	Fort Lauderdale (FLL)	FL					1	1978	1	7/31/2032	None		
7	20	15960 Chamberlin Parkway	Fort Myers (RSW)	FL	24,000				1	1993	5	1/31/2032	None	80.0%	95%
8	21	Aero Greensmor	Greensmor (Off Airport)	TX	341,252		5-50%	30.68	15	1978 - 1982	29	Fee	N/A	83.5%	95%
	22	Aero Houston Central	Houston (IAH)	TX	307,950		5-10%	14.36	9	1973 - 1979	25	12/31/2024	None	83.1%	95%
	23	19115 Lee Road	Houston (IAH)	TX	169,010		18.00%	8.40	1	2003	12	2/28/2043	None	100.0%	95%
	24	19175 Lee Road	Houston (IAH)	TX	166,806		13.70%	8.36	1	2002	4	2/28/2043	None	84.2%	95%
9	25	Building #100 Olmstead Road	Harrisburg (MDT)	PA	60,000		1.00%	6.18	1	1990	2	10/31/2030	None	96.7%	90%

Executive Summary

10	26	North Service Road, Bldg 21	JFK	NY	436,267	190,339	1.00%	41.71	1	2003	2	7/14/2028	None	99.5%	97%
	26	North Service Road, Bldg 23	JFK	NY		406,065			1	2003	6	7/14/2028	None		
11	27	594 Mexico City Avenue	Kansas City (MCI)	MO	48,313	121,970	18.30%	13.94	1	1987	5	9/30/2030	None	72.4%	90%
12	28	4901 Crittendon Drive	Louisville (SDF)	KY	112,302	150,000	17.81%	24.73	1	2000	1	3/7/2019	None	100.0%	100%
6	29	Miami I-6500 NW 22nd Street, Bldgs 709, 709A, 710	Miami Internat'l (MIA)	FL	384,046	560,736	25.00%	41.51	1	2001	1	8/15/2026	2 @ 5 years Ea.	100.0%	100%
	30	2000 NW 62nd Ave., Bldg 711	Miami Internat'l (MIA)	FL	127,332	221,323	15.00%	31.38	1	2004	1	8/15/2026	2 @ 5 years Ea.	100.0%	100%
13	31	201 W. Cargo Way	Mitchell - Milwaukee (MKE)	WI	131,388		4.00%	10.38	1	1998	7			82.7%	90%
14	32	200 Crofton Road, Bldg 1	New Orleans (MSY)	LA	118,178		15.90%	11.69	1	1970	2	11/30/2025	None	83.1%	95%
	32	200 Crofton Road, Bldg 2	New Orleans (MSY)	LA					1	1970	1	11/30/2025	N/A		
	32	200 Crofton Road, Bldg 3	New Orleans (MSY)	LA		44,000			1	1970	3	11/30/2025	None		
	32	200 Crofton Road, Bldg 4	New Orleans (MSY)	LA					1	1970	4	11/30/2025	None		
	32	200 Crofton Road, Bldg 4A	New Orleans (MSY)	LA					1	1970	1	11/30/2025	None		
	32	200 Crofton Road, Bldg 5	New Orleans (MSY)	LA					1	1970	1	11/30/2025	None		
	33	200 Crofton Road, Bldg 7	New Orleans (MSY)	LA	177,600		9.80%	9.15	1	1970	5	Fee	None	100.0%	95%
15	34	339 Brewster	Newark Liberty (EWR)	NJ	266,793	43,243	18.00%	22.97	1	1999	3	6/30/2021	None	81.0%	90%
	34	340 Brewster	Newark Liberty (EWR)	NJ		189,778			1	1998	4	6/30/2021	None		
16	35	5998 - 6000 Robin Hood Rd	Norfolk (ORF)	VA	87,595	216,326	5.20%	12.95	1	1985 - 1987	8	12/31/2030	None	60.2%	90%
17	36	6300 Air Cargo Road	Will Rogers (OKC)	OK	50,922	484,555	5.00%	22.07	1	1989	5	3/6/2023	None	95.0%	95%
18	37	8963 - 8975 Tradeport Drive, Bldg 1	Orlando (MCO)	FL	105,360		15.00%	9.10	1	1990	3	8/27/2032	None	48.0%	85%
	37	9043 - 9057 Tradeport Drive, Bldg 2	Orlando (MCO)	FL					1	1992	1	8/27/2032	None		
	37	90931 - 9039 Tradeport Drive, Bldg 3	Orlando (MCO)	FL					1	1994	2	8/27/2032	None		
	38	9555 - 9597 Benford Road	Orlando (MCO)	FL	94,585		20.00%	9.09	1	1985	3	9/20/2036	2@ 5-yrs. Ea.	84.4%	95%
	38	9441 - 9463 Benford Road	Orlando (MCO)	FL					1	1990	4	9/20/2036	2@ 5-yrs. Ea.		
19	39	2450 Airport Blvd, Bldg 1	Pensacola (PNS)	FL	10,570		13.70%	0.72	1	1989	2	12/31/2025		60.3%	95%

Executive Summary

9	40	Cargo Bldg C-7 North Service Road	Philadelphia (PHL)	PA	93,930	118,500	1.00%	8.54	1	1985	3	7/31/2025	None	90.2%	95%
	41	3600 Grays Ferry Ave	Philadelphia (PHL)	PA	113,011		9.00%	8.83	1	2001	1	Fee	N/A	100.0%	100%
	42	Cargo Bldg C-8 North Service Road	Philadelphia (PHL)	PA	74,460	120,000	1.00%	8.14	1	1989	3	1/31/2031	None	93.3%	95%
20	43	5330 NE Courier Court	Portland (PDX)	OR	91,272	298,996	5.00%	5.78	1	2001	2	12/31/2029		100.0%	95%
	44	5337 NE Courier Court (II)	Portland (PDX)	OR	33,981	50,750	5.00%	3.12	1	1997	2	3/31/2027	None	69.7%	95%
21	45	261 Yellowbird Road	Portland Jetport (PWM)	ME	19,200		12.20%	2.89	1	1995	1	1/31/2020	1 @ 25 years	100.0%	100%
22	46	7066 Cargo Road	Columbus-Rickenbacker (LCK)	OH	336,489		21.40%	11.50	4	1986	1	12/31/2055	None	100.0%	95%
23	47	5301 Lincoln Way West	South Bend (SBN)	IN	45,440		7.60%	5.49	1	1991	1	6/30/2040	None	100.0%	100%
24	48	212 Air Cargo Road - Bldg 1	Syracuse Hancock (SYR)	NY	135,361		7.50%	29.12	1	1971	1	8/9/2033	None	54.7%	85%
	48	176 Air Cargo Road - Bldg 2	Syracuse Hancock (SYR)	NY		127,997			1	1972	3	8/9/2033	None		
	48	152 Air Cargo Road - Bldg 3	Syracuse Hancock (SYR)	NY		184,900			1	1988	5	8/9/2033	None		
	48	140 Air Cargo Road - Bldg 4	Syracuse Hancock (SYR)	NY		100,000			1	1991	2	8/9/2033	None		
	Totals				6,258,885	4,387,302		626.37	99		238			84.5%	93%

Executive Summary

MARKET STUDY

In our market study we reviewed air cargo trends, both global and domestic to better understand supply and demand drivers for this niche in the logistics industry. We identified significant performance metrics and examined the subject portfolio in the context of its competitive environment. Finally we considered the company and its business model and market share.

We found that air cargo represents a rather small slice of the aggregate global logistics industry that employs all modes of transportation to move goods. However, air freight represents an important high-valued sector whose growth over the past four decades has tracked global GDP growth. Not surprisingly, air freight revenues, yields and volumes all suffered during the recent recession, but began to recover in 2010. Aggregate demand stagnated in 2011 as concerns over the European economy stalled the recovery. However for the long term, industry leaders see steady, compound growth for the next twenty years.

The air freight industry seems to follow the 80/20 principle where 80% of volume is moved through the top 20 U.S. airports, a handful of which may be classified as “gateways”; ones that play a significant role in global trade.

Finally we looked at Aeroterm’s relative position within this niche industry and found it a dominant player in the markets it has developed.

CASH FLOW ROLL-UP AND PROPERTY PROFILES BY MARKET

We carefully evaluated and consolidated individual cash flows available for debt service from each reporting facility. In this section we report the result of this consolidation, followed by a market by market discussion of each location together with a brief property profile and comparison of subject rents with local benchmarks. Where possible we also examined on-airport competition at each location.

The salient characteristics of the Aeroterm portfolio may be summarized as follows:

PORTFOLIO METRICS	
Local Market Areas:	25
Property Cash Flows:	48
Building Descriptions:	67
No. Buildings:	101
NLA/ Argus (sf):	6,258,885
Ramp Areas (sf):	4,387,302
Site Areas (ac):	602.37
MARKET SHARE	
Market Position- On Airport Assets	27.5%
Host Airports:	
Market Position- 3rd Party Operators	54.5%
Host Airports:	
Market Position-	23.6%
Host Gateway Airports:	
Rank- 3rd Party On-Airport Assets USA	First

Executive Summary

Aeroterm US Portfolio Market Position by Host Airport - On Airport Assets Only

Area #	Airport	Aeroterm SF	Total Cargo Facility SF	Aeroterm Share by SF	Total 3rd Party SF	Share of 3rd Party SF
1	Chicago O'Hare*	975,793	3,379,090	29%	1,097,534	89%
3	Anchorage	80,884	1,144,780	7%	322,780	25%
5	Dallas-Fort Worth	720,743	2,507,999	29%	2,092,906	34%
6	Fort Lauderdale	138,088	310,031	45%	274,531	50%
6	Miami*	511,378	2,286,151	22%	1,561,517	33%
7	Fort Myers	24,000	37,913	63%	24,000	100%
8	Houston	643,766	1,000,825	64%	869,926	74%
9	Harrisburg	60,000	101,310	59%	101,310	59%
9	Philadelphia	281,401	675,502	42%	296,398	95%
10	New York JFK*	436,267	3,559,479	12%	977,941	45%
11	Kansas City	48,313	409,510	12%	177,043	27%
12	Louisville	112,302	166,398	67%	112,302	100%
13	Milwaukee	131,388	173,892	76%	131,388	100%
15	Newark*	266,793	1,291,666	21%	264,311	100%
16	Norfolk	87,595	87,595	100%	87,595	100%
17	Oklahoma City	50,922	87,000	59%	50,922	100%
18	Orlando	199,945	719,158	28%	502,158	40%
19	Pensacola	10,570	10,570	100%	10,570	100%
20	Portland, OR	125,253	609,928	21%	380,253	33%
21	Portland, ME	19,200	22,400	86%	22,400	86%
22	Columbus Rickenbacker	274,572	761,352	36%	320,872	86%
23	South Bend	45,440	110,440	41%	45,440	100%
24	Syracuse	135,361	135,361	100%	134,161	100%
Total		5,379,974	19,588,350	27.47%	9,858,258	54.57%

* - Note: Totals do not include pending Aeroterm cargo development projects.

* - Note: Aero sf totals exclude hangars at Columbus and Fort Lauderdale airports.

* - Note: SF Totals at EWR, JFK, and MIA account for planned or recent building demolitions.

RISK ANALYSIS

CBRE has conducted a review of the individual markets and facility cash flow projections of the Aeroterm air cargo facilities. We examined the relative risk implications at the portfolio level and how that risk might affect bond pricing and debt levels. A thorough review of the characteristics of the subject portfolio is critical to understanding the underlying risk.

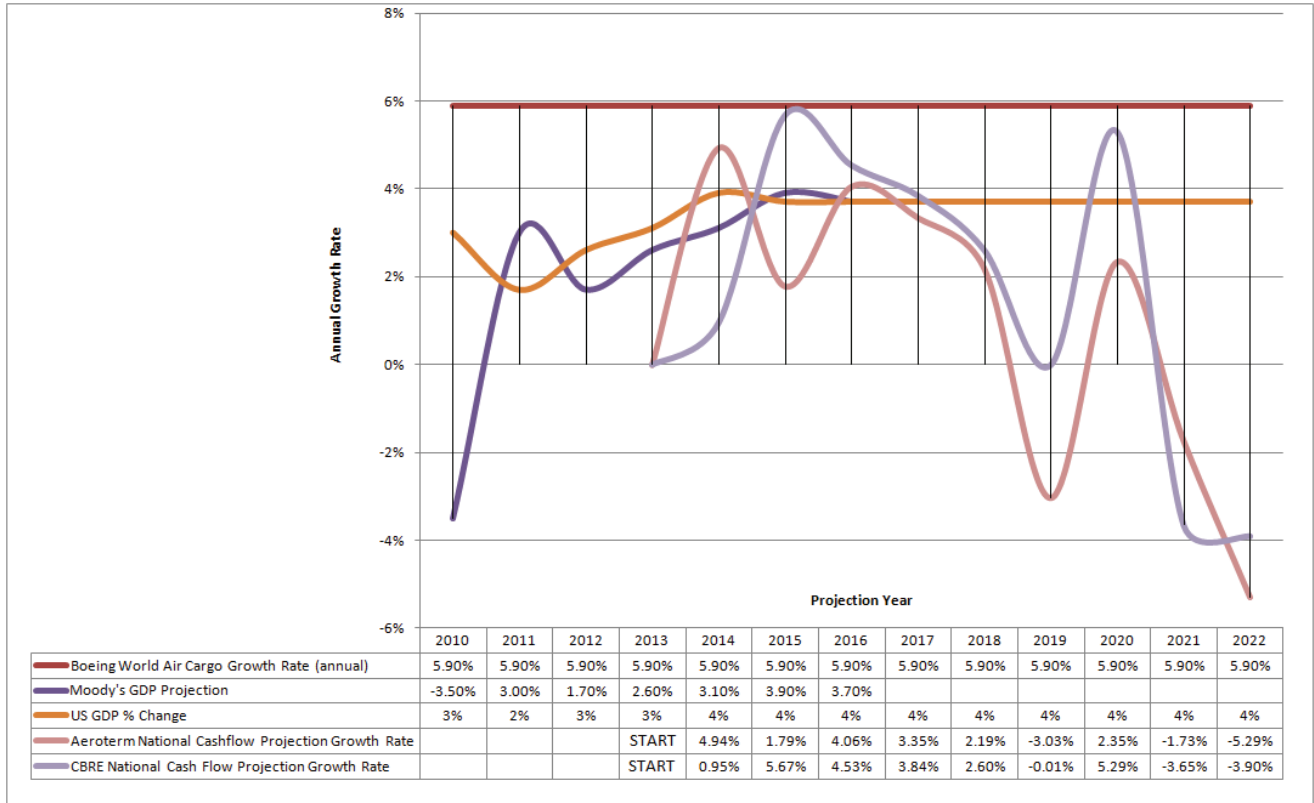
Our analysis provides a review of the subject property characteristics that influence the risk profile of the portfolio. From a lender's perspective, the profile of the underlying assets will impact the borrower's perceived ability to pay back a loan. CBRE analyzed each of the following characteristics:

- Geographic Diversification
- Physical Characteristics
- Market Position
- Demand Drivers
- Volatility of Cash Flows

Executive Summary

- Tenant Profile
- Leasing Parameters
- Financing Structure
- Growth Opportunities

The graph below maps various industry and economic growth projections against the actual changes in cash flows anticipated in our models. Long term our projections of income changes lag these growth projections minimizing investment risk.



Based on this analysis, we found the overall risk profile to be favorable for the proposed bond financing.

Market Study

INTRODUCTION

This section of the report examines the economic context for our evaluation of the projected performance of the Aeroterm portfolio of U.S. based assets. We first consider the state of the U. S. economy. We found air cargo traffic to be somewhat of a trailing indicator following the movement of Gross Domestic Product (GDP). As the economy has recovered, air cargo volumes have also rebounded. We then drill down to trends within the air cargo industry to better understand the market share enjoyed by Aeroterm. Finally we look at the Aeroterm business model, reviewing company history, recent performance and set the stage for the discussion of our consolidation of individual cash flow projections.

ECONOMIC OUTLOOK

This overview of the U.S. economy was prepared by CBRE Econometric Advisors (CBRE EA), formerly Torto Wheaton Research. CBRE EA provides strategy and forecasting as part of CBRE's global research platform.

According to CBRE EA, the U.S. economy continues to show signs of improvement but growth rates are lagging recent recession recoveries. After accelerating at the end of 2011, headline GDP growth cooled during the first quarter of 2012 and a modest slowdown for the first half of the year is expected. This slowdown reflects the accumulation of impediments that will be shown to have hindered growth through the first six months of 2012. These impediments include:

- Elevated uncertainty as the European Union (EU) enters recession
- Fiscal drag as stimulus spending winds down
- Spending cuts negate any government contribution to headline growth
- Recent increase in oil prices also has weighed consumers down, eroding discretionary income set aside for expenditures.

Still, the economy appears in better shape today than it was last year at this time and businesses conditions remain fundamentally favorable. The job market has continued to strengthen and increased hiring is starting to put a dent in the unemployment rate. It is feasible—given an uptick in job creation—that the jobless rate will fall below 8% by the end of 2012. In the past twelve months significant progress has been shown by the private sector where a little more than 2 million workers have been added to payrolls. However, considerable slack still exists in the labor market where there has been little real improvement in wage growth.

The consumer sector remains resilient, even with little real movement in wages and personal income. Auto sales have rebounded and core sales have maintained a steady growth rate. Even with the lack of more significant income growth, a stronger job market will help improve consumer sentiment. Households seem more confident, as credit balances recover, despite slumping home prices.

Confidence will continue to play a key role as the economy transitions to a self-sustaining expansion; which many experts expect to happen later this year. For their part, businesses remain strong and share prices are on the rise. CEO's recognize the need to expand revenue streams, but the memories of last year's slump and the continuing troubles in Europe will weigh heavily on hiring and investment decisions over the next several months.

Another looming concern is the increasing prospect that Greece will default on its debt and potentially leave the EU. Many fear the a Greek default would trigger a much more severe downturn abroad and could pose a threat to the nascent U.S. recovery.

Market Study

Domestically, lawmakers need to come to an agreement on a federal deficit reduction plan. At the very least, this may entail compromise on the Bush-era tax cuts as well as delaying some planned spending curtailments until next year. Over the long term, federal spending will need to be reduced to sustain long term fiscal health.

A worst case scenario, if no agreement is reached, would see fiscal drag to headline growth reduce GDP by up to three percentage points (300 basis points). This is a critical caveat since air cargo growth has been shown to follow GDP growth or contraction. Such an outcome would place the expansion in jeopardy.

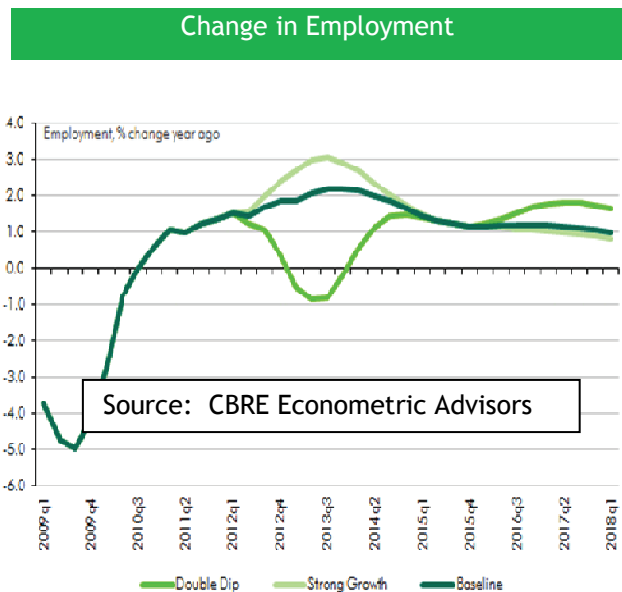
However, the CBRE EA baseline outlook assumes that lawmakers will compromise for the sake of near-term growth. Under these assumptions, we anticipate that non-farm payrolls will grow by 1.9% in 2012, close to the long-term trend. It will also close in on the job market's pre-recessionary peak employment level. This is significant not for restoring employment, but also in shoring up occupancy levels across property types. By the mid 2013, headline GDP growth should then track closer to 3.5%; a rate consistent with a self-sustaining expansion. This rate would also drive stronger wage and salary growth and allow households to maintain a more healthy balance between saving and spending to support business growth. Eventually healthy household spending promotes expanded air freight demand.

There are also signs that the domestic housing market may be strengthening in some markets. However, foreclosures will continue to weigh the market down for the balance of 2012. Improvements in job creation, income growth and a favorable interest rate environment, coupled with house price affordability in the wake of the correction, should favor price increases within the next 12 to 18 months.

The interest rate outlook will remain accommodative-to-neutral, as the Fed is committed to its low-interest rate policy stance. The Fed Funds rate target is at zero and all discernible signals are that it will remain unchanged through the next twelve months. Capacity utilization—particularly in the job market—remains low enough to ensure that wage price spirals will not present a hurdle to the policy outlook.

Our inflation outlook remains sanguine, with top-line prices increasing just 1.9% this year under our Baseline Scenario as the impact of higher oil prices has already dissipated and wage growth remains slow. This may change slowly over our forecast horizon as the job market gains momentum with pre-recession payrolls achievable by 2014.

The table shows long term economic forecasts provided by HIS Global Insight, an information company (formerly Information Handling Services) which publishes economic forecasts and economic outlooks. Note that annual growth of GDP in the U.S, is expected to stabilize at 2.6% through 2021.



Market Study

US Long-Term Economic Forecasts

FISCAL YEAR	GROSS DOMESTIC PRODUCT (Billions 2005\$)	CONSUMER PRICE INDEX (1982-84=100)	REFINERS' ACQUISITION COST AVERAGE (Dollars per barrel)
Historical			
2000	11,136.4	170.74	26.70
2005	12,535.9	193.48	47.20
2006	12,882.8	200.58	59.94
2007	13,134.5	205.31	60.62
2008	13,272.6	214.43	101.52
2009	12,720.6	213.77	54.68
2010	12,987.3	217.43	74.61
2011E	13,255.8	222.98	94.67
Forecast			
2012	13,473.8	227.24	100.38
2013	13,753.0	231.29	107.17
2014	14,158.7	236.09	110.22
2015	14,649.2	240.92	109.83
2016	15,099.7	246.22	113.58
2017	15,511.1	251.36	115.92
2018	15,899.2	256.39	117.29
2019	16,302.1	261.27	117.52
2020	16,723.4	265.89	115.34
2021	17,127.0	270.73	115.34
2022	17,541.9	275.73	115.44
2023	18,001.3	280.67	114.56
2024	18,476.7	285.89	116.34
2025	18,961.5	291.34	118.43
2026	19,451.4	297.01	120.60
2027	19,946.5	302.81	122.90
2028	20,444.9	308.78	126.04
2029	20,955.5	315.00	129.21
2030	21,498.7	321.41	132.39
2031	22,056.2	328.04	135.27
2032	22,614.2	334.89	138.18
Avg Annual Growth			
2000-11	1.6%	2.5%	12.2%
2011-12	1.6%	1.9%	6.0%
2011-21	2.6%	2.0%	2.0%
2011-32	2.6%	2.0%	1.8%

Source: IHS Global Insight, 30-Year Focus, Third Quarter 2011

US Short-Term Economic Forecasts

ECONOMIC VARIABLE	FISCAL YEAR 2011				FISCAL YEAR 2012				FISCAL YEAR 2013			
	1ST. QTR.	2ND. QTR.	3RD QTR.	4TH. QTR.	1ST. QTR.	2ND. QTR.	3RD QTR.	4TH. QTR.	1ST. QTR.	2ND. QTR.	3RD QTR.	4TH. QTR.
Real GDP (Billions of 2005\$)	13,216.1	13,227.9	13,270.1	13,309.1	13,357.4	13,438.4	13,519.0	13,580.6	13,642.9	13,690.6	13,791.1	13,887.4
Seasonally Adjusted Annual Rate		0.4%	1.3%	1.2%	1.5%	2.4%	2.4%	1.8%	1.8%	1.4%	3.0%	2.8%
Refiners' Acquisition Cost - Average (Dollars)	81.52	93.85	107.78	95.54	96.81	99.63	101.58	103.52	105.47	106.04	107.68	109.48
Seasonally Adjusted Annual Rate		75.7%	73.9%	-38.2%	5.4%	12.2%	8.1%	7.9%	7.7%	2.2%	6.3%	6.9%
Consumer Price Index (1982-84 equals 100)	219.5	222.3	224.5	225.7	226.1	226.9	227.4	228.6	229.6	230.7	231.8	233.1
Seasonally Adjusted Annual Rate		5.2%	4.1%	2.0%	0.8%	1.4%	0.9%	2.1%	1.8%	1.9%	2.0%	2.1%

Source: IHS Global Insight, 30-Year Focus, Third Quarter 2011

Market Study

CBRE EA anticipates top-line inflation to track 2.9% over a two-year period, as stronger wage growth and pricing pressures in broader markets build up moderately. We do not anticipate further acceleration in inflation after the job market recovery is complete; weakening demographic trends beginning in 2015, as baby-boomers begin to retire, will slow labor force growth. This will result in a new lower trend in job creation throughout our long-term forecast horizon.

The table above details short term projections. Here HIS forecasts U.S. GDP growth approaching a 3% annual rate by the second half of 2013. Given this qualified optimistic outlook for the near term, we can proceed to address the air freight industry and its key metrics.

AIR FREIGHT MARKET PROFILE

Although aircraft have carried parcels from the first days of manned flight, the modern air freight industry did not begin in earnest until airline deregulation in 1978. At that point, the emergence of all-freight air carriers like UPS and FedEx demonstrated the market potential of the air cargo industry and airlines began to realize the importance of cargo to their financial health.

The principal players in the supply chain are:

- Airlines, whether passenger or freighter operators, scheduled or charter;
- Freight forwarders and wholesalers;
- Integrators, express operators and couriers;
- Hauliers (transporting freight to and from airports);
- Airports; and
- Air Cargo Facilities.

This portfolio includes primarily airside cargo facilities at gateway airports where freight is either consolidated on pallets and forwarded via air or offloaded from air freighters and forwarded via truck to domestic destinations. Air freight tends to be high-valued or time sensitive commodities that merit premium shipping prices. Semi-conductors are one such product and they are good indicator of air freight volume movement (also being a good proxy for shipments of other electronic goods). The most recent data continues to show declines in the shipment of semiconductors, coupled with falling rates of international FTKs (freight tonne kilometers). One FTK is one metric tonne (1,000 kilograms) of revenue load carried one kilometer.

The Airforwarders Association claims annual revenues exceed \$17 billion in the US in 2010. According to Boeing's World Air Cargo Forecast 2010-11, 2009 U.S. revenues of \$25.3 billion had declined from a record \$32.9 billion peak in 2007.

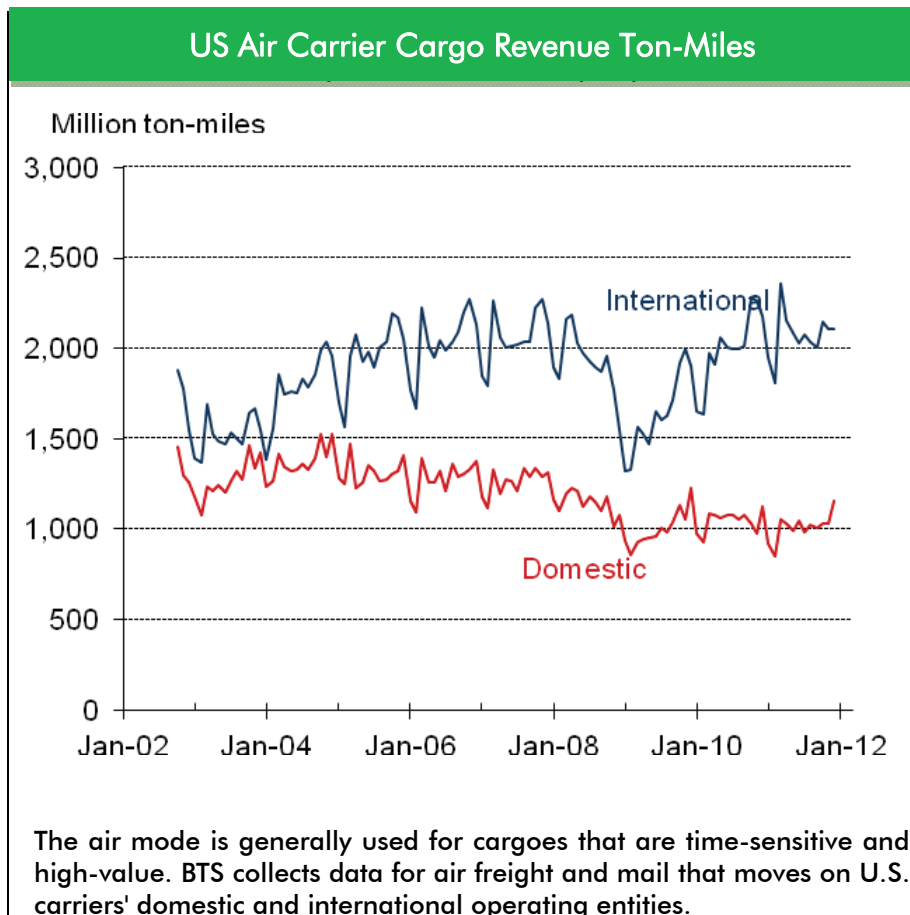
Comparative Trends: U.S. Ton-Miles of Freight (Millions)											
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	10 yr avg
TOTAL U.S. ton-miles of freight *	3,400,561	3,447,320	3,476,791	3,489,511	3,603,395	3,631,657	3,724,136	3,791,455	3,693,300	3,392,638	3,565,076
Air	15,810	13,288	13,837	15,231	16,451	15,745	15,361	15,142	13,774	12,027	14,667
Truck	1,192,633	1,213,013	1,245,342	1,264,570	1,281,367	1,291,308	1,291,244 (R)	1,403,538	1,429,296	1,321,396	1,293,371
Railroad	1,546,319	1,599,332	1,605,532	1,603,564	1,684,407	1,733,329	1,855,902	1,819,633	1,729,737	1,582,093	1,675,985
Domestic water transportation	645,799	621,687	612,080	606,146	621,170	591,276	561,629	553,143	520,494	477,122	581,054
<small>KEY: R = revised. U.S. Department of Transportation, Research and Innovative Technology Administration (RITA), Bureau of Transportation Statistics (BTS), special tabulation.</small>											
<small>*Not counting Pipelines</small>											

Unfortunately while global statistics are maintained on an FTK basis, U.S. cargo statistics are maintained in U.S. ton-miles, i.e. a U.S. ton-mile of freight is equal to carrying 2,000 lbs one mile. The table above shows the relative amount of freight conveyed by air cargo versus truck, rail and domestic water ways. The volume of air cargo is a fraction of the other modes.

Market Study

Industry statistics are reported by the U.S. Department of Transportation, Bureau of Transportation Statistics, Office of Airline Information, and by trade associations including the Airforwarders Association (AFA), the Cargo Airline Association and the Airports Council International- North America (ACI-NA).

The table below shows comparative trends in revenue ton-miles between international and domestic air freight through January 2012. This data correlates with Boeing's forecasts, discussed below.



The U.S. air cargo market is classified in four categories: express carriers (i.e. FedEx and UPS), the U.S. Mail, chartered freight and scheduled freight. Express carriers dominate the market, accounting for 60-65% of volume carried annually. Chartered freight declined precipitously through the recession as did mail.

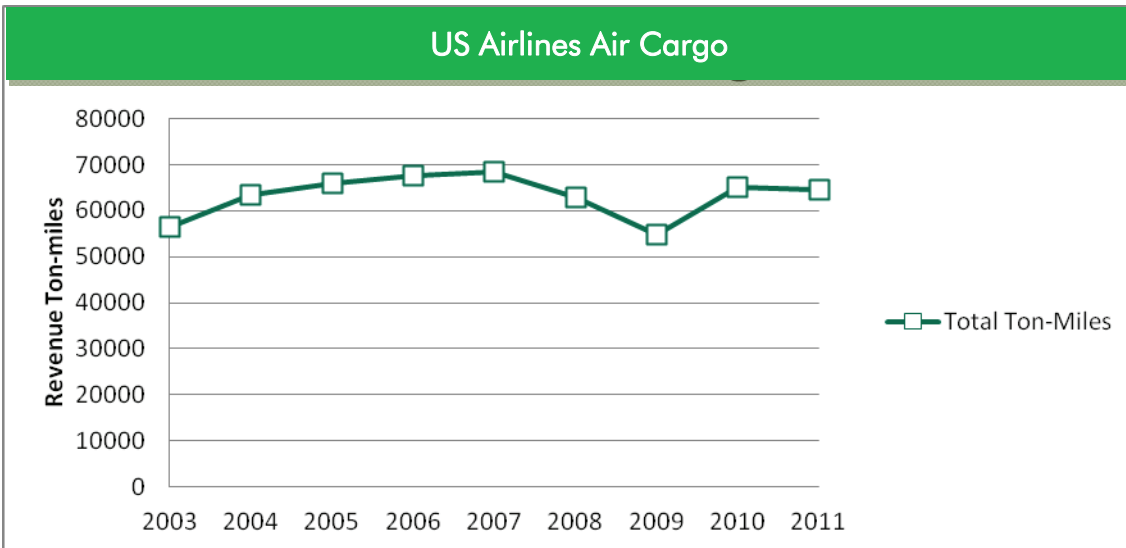
Boeing and Airbus, the two primary manufacturers of air cargo freighters are projecting major fleet expansions, following recovery from the 2007-9 recession. By the end of 2009, the numbers of freighters in service had actually declined 10% to 201 level. Overall, the wide-bodied share of the fleet grew from 39% to 63% of the fleet.

Boeing projects that freighter size will increase as aging 747F Classic, A300F and DC-10F series are withdrawn from service. At the same time, new passenger aircraft now have higher cargo payload capacity in the so-called "belly" of the aircraft. However, increased cargo security requirements for lower-hold cargo may erode current pricing advantages of passenger planes.

Market Study

Forecasting future air cargo growth is further complicated by the volatility of fuel costs. Higher fuel costs lead to replacement of less efficient older planes in the fleet, increasing demand for new aircraft. Yet higher net trip costs may dampen demand for air cargo services, and hence demand for airside facilities.

AIR CARGO VOLUME FORECAST



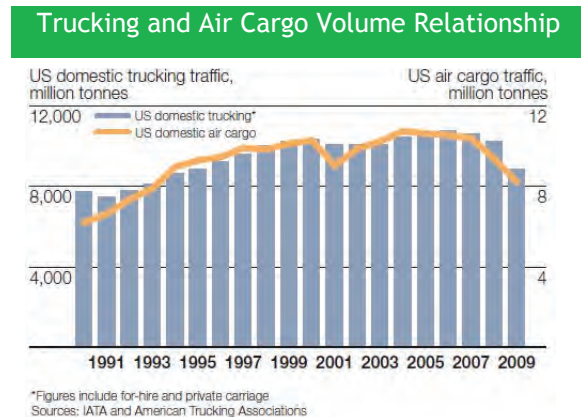
The chart, above shows in aggregate, the volume in million ton miles over the past decade. Clearly the drop in air cargo volumes from 2007 through 2009 paralleled the global economic downturn. According to Boeing, U.S. domestic air cargo decreased 9.7% in 2008 and a further 12.4% in 2009. Volumes increased in 2010 and are expected to recover to 2007 levels when 2011 statistics are published in June 2012.

The volume of air freight activity directly affects demand for airside space. Boeing, which expects to sell its next generation of wide bodied 747-800 air freighters to major carriers, admits that the domestic market is mature, and highly reliant on global trade. Boeing also reports that North American domestic air cargo capacity has diminished as there has been an increasing reliance on trucks, reductions in the passenger fleet. While the number of truck-flight routes did not increase 2007-9, their frequency increased 42%.

The chart at right shows how truck and air cargo volumes have trended together with the economy.

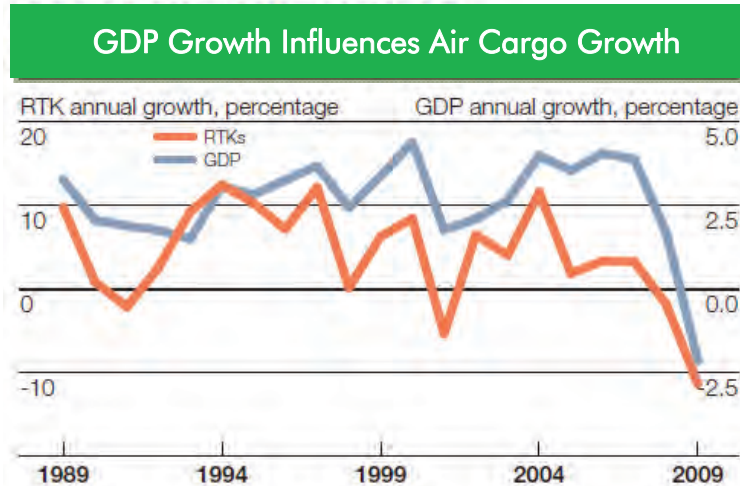
Notwithstanding a still recovering global economy, Boeing and air cargo trade associations project that world air freight will grow 6% per year through 2029. The implication of this forecast is that air cargo traffic will triple over the next twenty years. This is based on industry experience that world air cargo growth typically outpaces world GDP by a factor of two.

The chart below, prepared by Boeing, shows how RTK growth (left side scale) tracks with but is significantly higher than GDP growth (right side scale is one fourth the left). GDP growth rates are not anticipated as being evenly proportional. Intra-Asian and Europe-Asian trade



Market Study

are projected to lead the way compound annual growth in the 6.5-7.0% range with China continuing as the strongest growing contiguous market, expanding at over 9.0% annually. In comparison, North America and European markets are seen as mature where GDP cannot be expected to grow at more than 3.0% per year. The latter observation tracks the CBRE short term projection, above.



Any long-term projection of air cargo traffic growth, even at low rates, translates into demand for intermodal facilities that serve to convert air cargo to truck transport. For Boeing, this forecast of compound growth in air cargo portends significant expansion of air cargo fleets; from some 1,755 air freighters in service at the end of 2009 to nearly 3,000 planes in 2029.

THE DOMESTIC AIR CARGO MARKET

Aeroterm now represents one of the largest airside distribution portfolios in the United States, measured by current volumes of handled freight. Air cargo is seldom warehoused or stored for any significant period of time; instead it is consolidated and forwarded by air or received, broken down and distributed. Hence, most of the facilities are sited on leased airport land designed to facilitate the rapid transference of goods from one mode to another. Many buildings feature cross-dock functionality where trucks access the facility via public roads while cargo is handled airside within the secured airport infield.

Another distinguishing characteristic of many of Aeroterm’s facilities is their aircraft parking ramps with direct access to taxiways and runways. These massive tarmacs are used to park planes, to load and unload freight and to allow for overnight storage. This immediate, direct access to the airport infrastructure is essential to the operation of many of the tenants of these facilities.

Air Cargo Operator	On-airport GBA	Mkt. Share
Aeroterm- US	5,460,183	55.04%
Lynxs Group	1,211,619	12.21%
AFCO-Prologis	3,248,466	32.75%
Industry Leaders' Total:	9,920,268	100.00%

The competitive environment favors Aeroterm as industry consolidation in the past 20 years has reduced the amount of air carriers running their own facilities. Today, most gateway airports allow outsourced management and ownership of freight forwarding facilities. Aeroterm, as the chart above shows, has become the dominant player in the industry-nearly double the presence of Prologis-AFCO (Prologis facilities include those that were acquired with the merger between AMB Property Management). Three

Market Study

major players dominate this sector. In fact, Aeroterm's on-airport facilities at 25 locations aggregate to more square footage than Prologis and Lynxs Group, the number 3 competitor, combined. In the midst of this consolidation, the barriers to entry on-airport have increased as financial and security pressures have capped airports physical expansion in most locations.

The table below shows the top 20 gateway airports as classified by the Airports Council International-North America (ACI-NA). The ACI-NA reported total air cargo shipped through the top 164 airports at 28,259,009 metric tons for 2011, down 1% from 2010. The prior year saw a 12% increase from 2009. Over 77% of this volume was handled by the top 20 airports, 9 of which are served by Aeroterm (bold).

The top 9 airports with Aeroterm facilities accounted for 11,563,227 metric tons of freight in 2011, or over 53% of volume at the top 20 airports. These gateway airports move nearly 80% of the air cargo handled at the 164 ACI-NA reporting facilities across the U.S.

Top 20 North American Gateway Airports

			2011	% Change	2010	% Change
1	MEMPHIS TN (MEM)	MEM	3,916,410	0.0%	3,916,811	5.9%
2	ANCHORAGE AK (ANC)**	ANC	2,543,105	-3.9%	2,646,695	36.6%
3	LOUISVILLE KY (SDF)	SDF	2,188,422	1.0%	2,166,656	11.2%
4	MIAMI FL (MIA)	MIA	1,841,929	0.3%	1,835,797	17.9%
5	LOS ANGELES CA (LAX)	LAX	1,681,611	-3.8%	1,747,629	15.8%
6	CHICAGO IL (ORD)	ORD	1,311,622	-4.7%	1,376,552	31.4%
7	NEW YORK NY (JFK)	JFK	1,348,992	0.4%	1,344,126	17.5%
8	INDIANAPOLIS IN (IND)	IND	971,664	-4.0%	1,012,589	7.2%
9	NEWARK NJ (EWR)	EWR	813,209	-5.0%	855,594	9.8%
10	ATLANTA GA (ATL)	ATL	663,162	0.6%	659,129	17.1%
11	DALLAS/FORT WORTH TX (DFW)	DFW	654,415	1.4%	645,426	12.1%
12	OAKLAND CA (OAK)	OAK	483,375	-5.4%	510,947	4.0%
13	TORONTO ON (YYZ)	YYZ	492,660	2.1%	482,486	11.8%
14	SAN FRANCISCO CA (SFO)	SFO	382,019	-10.5%	426,725	4.6%
15	HOUSTON TX (IAH)	IAH	446,328	5.4%	423,483	13.6%
16	PHILADELPHIA PA (PHL)	PHL	415,205	-1.1%	419,702	-3.2%
17	CINCINNATI OH (CVG)	CVG	481,669	29.7%	371,297	178.9%
18	ONTARIO CA (ONT)	ONT	378,728	6.4%	355,932	0.4%
19	WASHINGTON, DC (IAD)	IAD	302,661	-8.9%	332,275	13.5%
20	SEATTLE WA (SEA)	SEA	279,625	-1.3%	283,425	4.9%
	Total Volumes		21,596,811	-1.0%	21,813,276	metric tons

Of the 25 airport locations in the Aeroterm portfolio, all but six report to the ACI-NA. The table on the following pages shows that only five of the airports reported declines in freight volumes between 2009 and 2010. This past year, reporting airports with Aeroterm facilities showed a 1.1% decline in volume.

Market Study

ACI – NA Airport Cargo Volumes – With Aeroterm Facilities							
		2011	% change	2010	% change	2009	
1	ANCHORAGE AK (ANC)	ANC	2,543,105	-3.9%	2,646,695	32.7%	1,994,629
2	LOUISVILLE KY (SDF)	SDF	2,188,422	1.0%	2,166,656	11.1%	1,949,528
3	MIAMI FL (MIA)	MIA	1,841,929	0.3%	1,835,797	17.9%	1,557,401
4	CHICAGO IL (ORD)	ORD	1,311,622	-4.7%	1,376,552	31.4%	1,047,917
5	NEW YORK NY (JFK)	JFK	1,348,992	0.4%	1,344,126	17.4%	1,144,894
6	NEWARK NJ (EWR)	EWR	813,209	-5.0%	855,594	9.7%	779,642
7	DALLAS/FORT WORTH TX (DFW)	DFW	654,415	1.4%	645,426	11.5%	578,906
8	HOUSTON TX (IAH)	IAH	446,328	5.4%	423,483	13.6%	372,662
9	PHILADELPHIA PA (PHL)	PHL	415,205	-1.1%	419,702	-3.2%	433,439
10	PORTLAND OR (PDX)	PDX	194,513	2.3%	190,117	6.4%	178,720
11	ORLANDO FL (MCO)	MCO	146,476	7.8%	135,895	-0.9%	137,150
12	FORT LAUDERDALE, FL (FLL)	FLL	87,027	-2.2%	88,965	2.7%	86,623
13	KANSAS CITY MO (MCI)	MCI	85,998	-1.3%	87,092	-1.8%	88,673
14	OKLAHOMA CITY, OK (OKC)	OKC	31,090	0.0%	31,090	-2.6%	31,920
15	SYRACUSE NY (SYR)	SYR	19,960	3.5%	19,290	6.3%	18,147
16	NORFOLK VA (ORF)	ORF	29,186	1.8%	28,668	7.1%	26,768
17	FORT MYERS FL (RSW)	RSW	14,764	-4.7%	15,498	1.5%	15,269
18	PENSACOLA FL (PNS)	PNS	1,321	376.9%	277	-3.8%	288
19	MILWAUKEE WI (MKE)	MKE	76,627	-2.1%	78,269	14.5%	68,357
Totals			12,250,189	-1.1%	12,389,192	25.7%	9,859,018

On-airport facilities, particularly at the gateway locations, have only limited opportunities to expand. “Inside the fence” airport real estate is a limited commodity, tightly controlled by public airport authorities. Further, airport expansions are highly political and slow-moving events that tend to favor consumer and passenger needs over air cargo. Hence, as will be discussed further, on-tarmac or airside, on-airport warehouses can often command premium rents and enjoy higher occupancies than the surrounding industrial market. Finally, Aeroterm represents one of the largest portfolios of on-airport distribution facilities, in a market where the trend appears to favor the outsourcing of these functions.

Major U.S. Gateway Airports with Aeroterm Facilities				
	Est. Cargo GBA	Aeroterm GBA	% AT	2011 MT
1 New York (JFK)	4,000,000	436,237	10.9%	1,344,126
2 Dallas-Ft Worth (DFW)	2,900,000	798,992	27.6%	645,426
3 Chicago (ORD)	2,517,000	975,793	38.8%	1,376,552
5 Miami (MIA)	1,932,000	511,378	26.5%	1,835,797
6 Newark (EWR)	1,300,000	266,443	20.5%	855,594
Totals/Averages	12,649,000	2,988,843	23.6%	6,057,495

COMPANY HISTORY

Aeroterm now represents one of the largest airside distribution portfolios in the United States. Where available, we have compared gross building areas controlled on airport at least at major gateway locations. The table below shows that Aeroterm controls, on average up to a quarter of total reported airport cargo space at five of the top six gateway airports.

Realterm Global is the parent company for Aeroterm. Founded in Montreal in 1991, when the Montreal Airport Authority decided to reorganize the city’s airports. Aeroterm purchased and redeveloped several buildings at the Dorval and Mirabel International Airports. Aeroterm then expanded its portfolio of specialized airport facilities throughout North America. Today, the firm operates a portfolio of more than 8.5 million square feet at 35 airports, primarily in the United States and Canada.

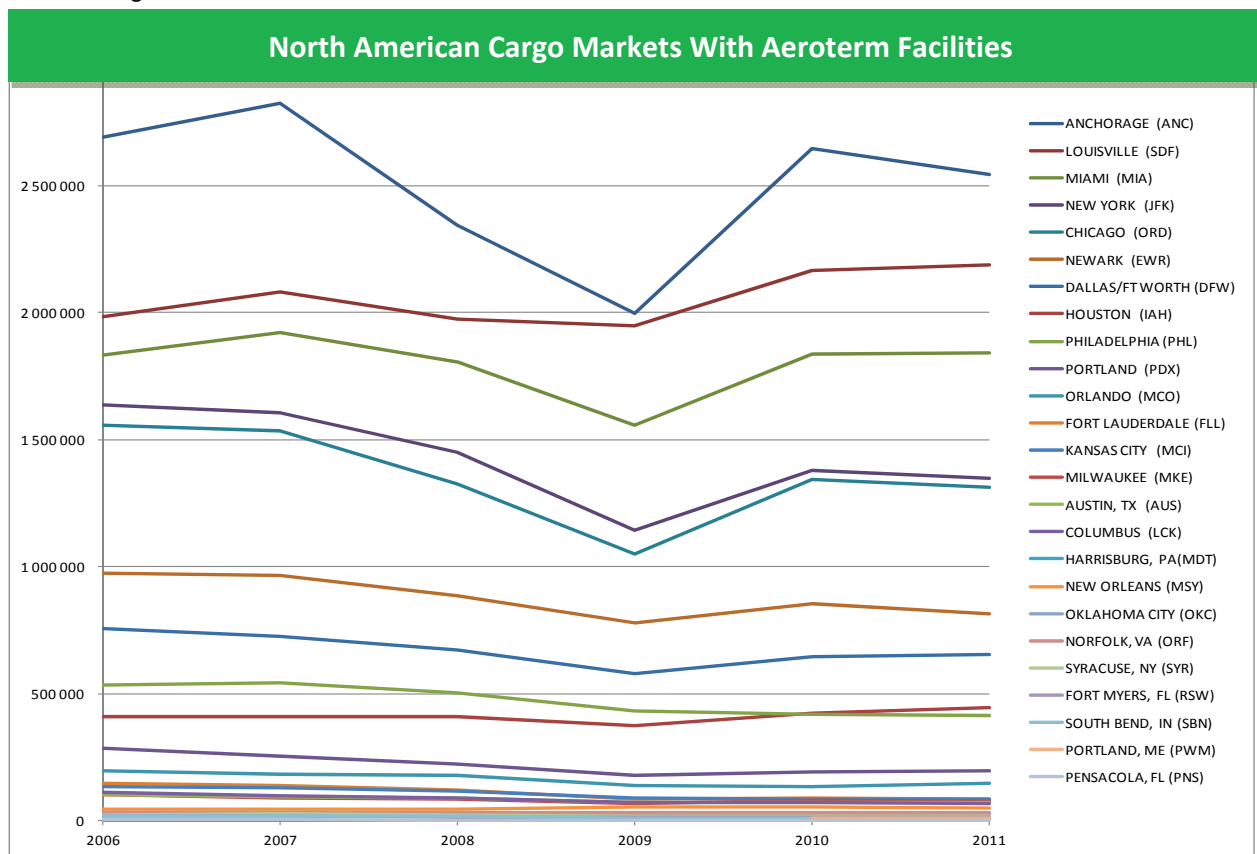
Market Study

The U.S. portfolio dates to 1997. Over the years Aeroterm has funded its growth through a series of financial partnerships to leverage their specialized experience. Having moved its headquarters to Annapolis, Aeroterm and North American Terminals formed a joint venture with CalEast Industrial Investors to fund further growth. CalEast was an industrial partnership with CalPERS and LaSalle Investment Management. In 2010, CalEast transferred management to GI Partners.

Aeroterm is Realterm Global’s airport real estate and infrastructure specialist. Aeroterm specializes in the development, acquisition, financing, construction, leasing and management of airport logistics properties. It is North America’s largest owner and manager of air cargo facilities, with over \$1.13 billion in assets.

GI Partners is a private equity firm investing in asset-backed businesses and properties in North America and Western Europe. With approximately \$6 billion of capital under management, GI Partners formed a partnership with CalPERS in which GI will manages and invests a \$3.4 billion portfolio of CalPERS’ industrial and logistics related real estate businesses. The portfolio transfer of CalEast Global Logistics includes CenterPoint Properties Trust, joint ventures with Aeroterm and North American Truck Terminals, and numerous development joint ventures.

This financial arrangement should allow the Aeroterm team to further grow their portfolio of on airport airside cargo facilities.

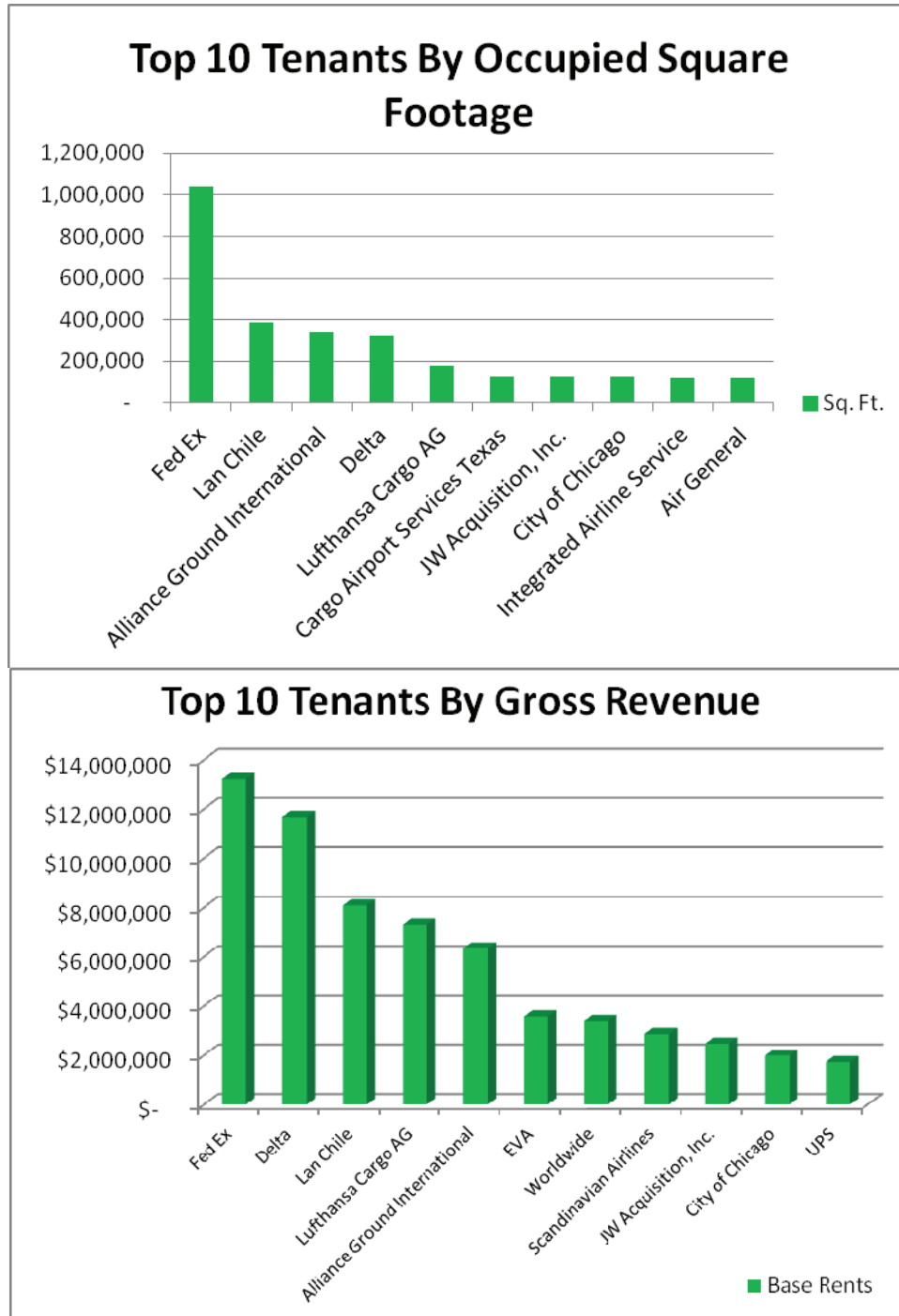


Volume measured in metric tons

Market Study

TOP TENANTS

While a study of tenant credit was beyond the scope of this report, the charts below lay out the top ten tenants by space occupied and by gross rental revenues generated. As we have observed, with greater outsourcing of air cargo operations by the airlines and consolidation in the industry, the presence of such anchors as Fed Ex and other major freight forwarders further reduces the risk and increases the stability of this portfolio.



Cash Flow Roll-up

INTRODUCTION

Critical to our engagement was the evaluation and roll-up of individual cash flows available for debt service from each reporting facility. In this section we report the result of this consolidation, followed by a market by market discussion of each location together with a brief property profile and comparison of subject rents with local benchmarks.

CASH FLOW ROLL-UP METHODOLOGY

In order to project cash flow estimates for the entire portfolio, we first reviewed Aeroterm's internal projections then developed our own cash flows based on prevailing market indicators and a review of lease abstracts and historical operating budgets. We also looked at local and industry trends when estimating long term stabilized occupancy and renewal outcomes. Following each property profile will be a side by side comparison of assumptions and outputs between Aeroterm and CBRE.

We have divided the assets into 48 separate cash flow models, tracking Aeroterm's internal controls. For consistent cash flow modeling and functionality, we relied on Argus Valuation – DCF 15.01.26, an analytical software program commonly used throughout the real estate industry. Aeroterm also used Argus, which allowed us to directly compare most assumptions. We have delivered our CBRE Argus models and roll-up under separate cover.

The following considerations were material to our analysis:

- Cash flow available for debt service is equal to net operating income.
- Our analysis is based on a property rent roll dated July 1, 2012, along with forward looking operating budgets.
- We also received historic financial information and lease abstracts for the majority of the assets.
- Realterm Global has a leased fee interest in five of the properties and a leasehold interest in the remaining forty three (43) properties. For the five leased fee properties, we have assumed a holding period of thirty years, with a reversion based on a 10.00% capitalization rate.
- The holding period for the remainder of the properties is based on the expiration dates of the respective land leases through the term of all exercisable option periods.
- In all cases we have assumed that Realterm Global will exercise their renewal rights.
- All but three of the land leases expire within the next forty years. The exceptions are the Rickenbacker and O'Hare facilities, which expire beyond forty years from today. Since Argus is limited to a forty year holding period, our holding period for the portfolio cash flow is forty years.
- Our portfolio analysis begins July 1, 2012 and ends June 30, 2052.
- Each of the individual models also includes a fiscal year ending in May. A limitation of Argus is that it will not allow a partial (stub) year at the end of the holding period. As a result, the final year always represents a full twelve months even though the land lease may have expired several months prior to the end of the holding period. In order to account for this partial year limitation, we have made a "Stub Revenue Adjustment" to each of the individual cash flow models.
- Our individual estimates of General Vacancy & Collection Loss ranged from 0 to 20% (or conversely 80% to 100% occupancy), depending on the specific market conditions for each individual asset. Our 100% estimate was generally reserved for single tenant facilities occupied by Federal Express for an extended period of time with significant remaining term on their leases.

Cash Flow Roll-up

- Our analysis assumes a general inflation rate of 3.00%. This rate is used for both income and expenses.
- Our estimate included typical lease terms of three to ten years, depending on trends noted in each market.
- As the ground lease expiration date approaches, we have tapered down our estimates for leasing costs. In general we have used a \$1.50 per square foot improvement allowance for new warehouse tenants and a \$1.00 per square foot for renewals. No tenant improvement allowances were ascribed to aircraft ramp spaces.
- Office space finish costs were estimated at \$5.00 per square foot for new tenants and \$3.50 per square foot for lease renewals.
- Leasing commissions are estimated at 5.00% for new tenants and 2.00% for lease renewals.
- Management Fees are estimated at 3.00% for single tenant facilities and 5.00% for multi-tenant properties. A few exceptions are made based on contractual obligations.
- Replacement Reserves are estimated at \$0.15 per square foot for each property.

Our Portfolio cash flow projections are included on the following pages.

CASH FLOW ROLL-UP RESULTS

Our scope of work asked us to review each property's cash flow projections, then apply metrics derived from our market study to generate our own projections. The consolidation and roll up of these projections could then be compared with internal analysis done by AeroTerm.

In the final analysis, our outcomes were fairly similar notwithstanding modest changes or smoothing of assumptions in our model. We found that in most years, CBRE estimates were higher than AeroTerm's.

Cash Flow Roll-up

Schedule Of Prospective Cash Flow In Inflated Dollars for the Fiscal Year Beginning 7/1/2012											
For the Years Ending	Year 1 Jun-2013	Year 2 Jun-2014	Year 3 Jun-2015	Year 4 Jun-2016	Year 5 Jun-2017	Year 6 Jun-2018	Year 7 Jun-2019	Year 8 Jun-2020	Year 9 Jun-2021	Year 10 Jun-2022	Year 11 Jun-2023
Gross Revenue											
Potential Rental Revenue	\$69,232,797	\$66,787,211	\$67,628,492	\$68,568,484	\$69,218,004	\$70,029,602	\$70,664,055	\$71,082,650	\$70,111,666	\$64,720,836	\$65,239,625
Absorption & Turnover Vacancy	(4,815,638)	(3,916,177)	(2,250,428)	(937,725)	(1,019,260)	(754,137)	(3,188,348)	(1,554,417)	(1,070,067)	(1,127,111)	(475,624)
Base Rent Abatements	(32,155)	(143,958)	(173,942)	(174,872)	(175,816)	(176,791)	(561,108)	(647,136)	(648,307)	(649,518)	(650,746)
Scheduled Base Rental Revenue	64,385,004	62,727,076	65,204,122	67,455,887	68,022,928	69,098,674	66,914,599	68,881,097	68,393,292	62,944,207	64,113,255
CPI & Other Adjustment Revenue	528,572	1,281,971	2,110,884	3,117,590	4,428,344	5,815,033	6,662,916	6,907,805	7,816,824	8,599,268	9,715,823
Expense Reimbursement Revenue	29,330,057	31,766,785	34,233,824	35,212,236	36,221,429	37,145,082	37,179,991	39,160,640	39,185,874	33,838,925	34,081,187
Miscellaneous	4,527,221	4,654,095	4,772,270	4,902,139	5,035,910	5,173,694	5,315,609	7,206,884	5,534,887	5,314,851	5,461,003
Parking	2,689,408	2,765,790	2,848,444	2,933,572	3,021,883	3,112,649	3,205,672	3,301,483	3,400,173	2,838,372	2,923,641
Ramp Rental	1,928,468	1,986,322	2,045,913	2,107,289	2,170,507	2,235,623	2,302,692	2,371,772	2,442,927	2,516,213	2,591,700
Luftansa Equipment Rental	2,676,115	2,756,399	2,839,091	2,924,264	3,011,992	3,102,352	3,195,422	3,291,284	2,038,714	2,099,876	2,162,871
Delta Rent Term Credit	(240,000)	(240,000)	(240,000)	(240,000)	(240,000)	(240,000)	(240,000)	(240,000)	(240,000)	(240,000)	(240,000)
10% rent fee to Port Authority	(209,890)	(216,186)	(222,671)	(229,352)	(236,232)	(243,319)	(250,619)	(258,138)	(265,881)	(273,858)	(282,073)
Total Gross Revenue	105,614,955	107,482,252	113,591,877	118,183,625	121,436,761	125,199,788	124,286,282	130,622,827	128,306,810	117,637,854	120,527,407
General Vacancy	(3,162,604)	(3,216,718)	(4,758,557)	(6,255,155)	(6,484,382)	(6,913,470)	(4,744,820)	(6,447,422)	(6,788,876)	(5,931,910)	(6,102,493)
Collection Loss	(16,512)	(17,905)	(17,089)	(15,720)	(16,383)	(16,867)	(16,376)	(17,597)	(16,891)	(19,035)	(19,597)
Effective Gross Revenue	102,435,839	104,247,629	108,816,231	111,912,750	114,935,996	118,269,451	119,525,086	124,157,808	121,501,043	111,686,909	114,405,317
Operating Expenses											
Management	4,614,610	4,684,270	4,895,094	5,039,369	5,174,598	5,327,526	5,382,332	5,645,390	5,497,760	4,999,707	5,109,941
Land Rent	24,240,785	24,945,263	25,538,234	25,216,159	25,126,715	26,038,595	26,617,897	26,842,636	26,868,784	21,846,663	21,393,687
Insurance	1,172,578	1,207,747	1,243,982	1,281,301	1,319,743	1,359,331	1,400,112	1,438,661	1,453,537	1,388,940	1,418,475
Repairs & Maint.	4,335,347	4,465,407	4,599,368	4,737,350	4,879,467	5,025,857	5,176,636	5,331,923	5,343,927	4,779,800	4,745,596
Taxes	4,994,372	5,144,205	5,298,528	5,457,486	5,621,209	5,789,845	5,963,537	6,142,448	6,131,831	6,315,788	6,505,257
General Admin	634,856	653,905	673,520	693,724	714,534	735,970	758,055	780,793	774,128	649,907	660,239
Utilities	4,415,189	4,547,638	4,684,074	4,824,591	4,969,335	5,118,406	5,271,961	5,430,117	5,487,207	4,636,788	4,732,784
Administration(NR)	270,758	278,869	287,247	295,861	304,746	313,874	323,283	320,668	320,322	322,893	325,845
General Building(NR)	659,556	679,330	699,725	720,709	742,328	764,604	787,537	805,245	787,732	794,160	797,777
Land Rent (NR)	317,295	322,313	327,484	332,808	338,292	343,941	399,763	405,756	411,929	200,004	200,004
Total Operating Expenses	45,655,346	46,928,947	48,247,256	48,599,358	49,190,967	50,817,949	52,081,113	53,143,637	53,077,157	45,934,650	45,889,605
Net Operating Income	56,780,493	57,318,682	60,568,975	63,313,392	65,745,029	67,451,502	67,443,973	71,014,171	68,423,886	65,752,259	68,515,712

Cash Flow Roll-up

Schedule Of Prospective Cash Flow In Inflated Dollars for the Fiscal Year Beginning 7/1/2012											
For the Years Ending	Year 12 Jun-2024	Year 13 Jun-2025	Year 14 Jun-2026	Year 15 Jun-2027	Year 16 Jun-2028	Year 17 Jun-2029	Year 18 Jun-2030	Year 19 Jun-2031	Year 20 Jun-2032	Year 21 Jun-2033	Year 22 Jun-2034
Gross Revenue											
Potential Rental Revenue	\$66,735,957	\$68,713,946	\$67,065,591	\$68,257,610	\$57,457,845	\$61,164,349	\$48,463,343	\$49,833,640	\$41,426,535	\$41,769,949	\$37,528,922
Absorption & Turnover Vacancy	(2,180,637)	(2,050,442)	(1,828,987)	(2,331,538)	(1,194,883)	(3,612,358)	(1,547,945)	(1,566,340)	(694,944)	(1,098,694)	(546,347)
Base Rent Abatements	(652,533)	(701,499)	(702,857)	(704,246)	(705,669)	(1,223,584)					
Scheduled Base Rental Revenue	63,902,787	65,962,005	64,533,747	65,221,826	55,557,293	56,328,407	46,915,398	48,267,300	40,731,591	40,671,255	36,982,575
CPI & Other Adjustment Revenue	10,490,657	10,769,447	10,354,751	7,651,085	7,372,535	3,919,429	3,164,088	3,276,635	3,072,184	3,535,745	3,810,139
Expense Reimbursement Revenue	34,277,336	35,517,059	35,064,963	35,627,564	31,581,853	29,992,615	18,611,169	18,429,595	12,339,205	12,702,955	11,509,875
Miscellaneous	5,611,541	5,766,587	5,926,298	5,578,230	2,804,550	2,888,689	2,975,348	3,064,610	1,838,169	1,893,314	1,374,004
Parking	3,010,959	3,100,890	3,193,530	3,289,703	3,388,524	3,489,748	3,312,323	3,411,265	2,152,187	2,158,956	1,026,729
Ramp Rental	2,669,451	2,749,535	2,832,021	2,916,981	3,004,490	3,094,626					
Luftansa Equipment Rental	2,227,758	2,294,590	2,363,428	2,434,331	2,507,360	2,582,582					
Delta Rent Term Credit	(240,000)	(240,000)	(240,000)	(240,000)	(240,000)	(240,000)					
10% rent fee to Port Authority	(290,535)	(299,253)	(308,229)	(317,477)	(327,001)	(336,811)					
Total Gross Revenue	121,659,954	125,620,860	123,720,509	122,162,243	105,649,604	101,719,285	74,978,326	76,449,405	60,133,336	60,962,225	54,703,322
General Vacancy	(4,728,932)	(5,249,592)	(5,246,130)	(6,115,842)	(5,997,800)	(4,793,153)	(4,737,187)	(4,578,169)	(3,640,935)	(3,535,072)	(3,021,311)
Collection Loss	(19,723)	(19,702)	(19,411)	(21,962)	(22,621)	(23,015)	(22,597)	(22,446)	(25,456)	(26,220)	(26,985)
Effective Gross Revenue	116,911,299	120,351,566	118,454,968	116,024,439	99,629,183	96,903,117	70,218,542	71,848,790	56,466,945	57,400,933	51,655,026
Operating Expenses											
Management	5,220,114	5,371,947	5,275,146	5,170,451	4,718,012	4,577,978	3,224,808	3,300,212	2,525,980	2,570,198	2,268,537
Land Rent	22,163,917	22,862,126	22,677,476	22,847,179	18,956,470	19,745,474	10,251,685	9,518,981	6,699,141	6,860,140	6,727,544
Insurance	1,461,040	1,504,861	1,446,365	1,405,603	1,264,070	1,301,987	880,412	905,885	798,475	808,455	669,219
Repairs & Maint.	4,887,966	5,034,605	4,897,090	4,771,929	4,741,805	4,884,067	4,202,091	4,324,753	3,616,529	3,709,308	3,199,672
Taxes	6,700,421	6,901,430	7,108,473	6,645,882	6,757,689	6,960,419	7,169,234	7,360,049	6,884,760	7,065,230	7,137,300
General Admin	680,047	700,450	701,577	678,092	681,673	702,120	547,539	563,122	489,243	495,826	350,814
Utilities	4,874,764	5,021,008	5,016,906	5,110,844	5,169,669	5,324,754	2,999,028	3,089,004	1,721,821	1,760,799	1,533,023
Administration(NR)	335,620	345,689	348,692	307,958	250,815	258,339	257,807	265,529	233,076	240,064	179,920
General Building(NR)	821,714	846,355	776,054	789,901	758,586	781,342	798,985	821,081	727,466	745,245	729,293
Land Rent (NR)	249,996	249,996	249,996	249,996	249,996	249,996					
Total Operating Expenses	47,395,599	48,838,467	48,497,775	47,977,835	43,548,785	44,786,476	30,331,589	30,148,616	23,696,491	24,255,265	22,795,322
Net Operating Income	69,515,700	71,513,099	69,957,193	68,046,604	56,080,398	52,116,641	39,886,953	41,700,174	32,770,454	33,145,668	28,859,704

Cash Flow Roll-up

Schedule Of Prospective Cash Flow
In Inflated Dollars for the Fiscal Year Beginning 7/1/2012

For the Years Ending	Year 23 Jun-2035	Year 24 Jun-2036	Year 25 Jun-2037	Year 26 Jun-2038	Year 27 Jun-2039	Year 28 Jun-2040	Year 29 Jun-2041	Year 30 Jun-2042	Year 31 Jun-2043	Year 32 Jun-2044	Year 33 Jun-2045
Gross Revenue											
Potential Rental Revenue	\$35,995,073	\$37,689,166	\$37,356,706	\$37,924,140	\$38,977,197	\$40,179,353	\$40,676,234	\$41,423,734	\$34,799,205	\$28,592,188	\$29,510,675
Absorption & Turnover Vacancy Base Rent Abatements	(1,380,662)	(1,843,057)	(319,578)	(1,177,955)	(952,142)	(1,389,788)	(1,298,760)	(378,865)	(708,062)	(277,364)	(826,609)
Scheduled Base Rental Revenue	34,614,411	35,846,109	37,037,128	36,746,185	38,025,055	38,789,565	39,377,474	41,044,869	34,091,143	28,314,824	28,684,066
CPI & Other Adjustment Revenue	3,417,697	2,775,478	2,697,880	2,440,872	2,480,814	2,406,326	2,527,266	2,964,657	3,065,183	3,162,028	3,090,036
Expense Reimbursement Revenue	9,935,947	10,271,800	9,944,253	9,382,591	9,644,314	9,806,433	10,142,562	10,669,016	6,040,317	2,967,002	3,028,651
Miscellaneous	191,296	197,035	113,912	117,329	120,850	124,475	128,210	132,055			
Parking	48,588	49,571	51,507	53,208	54,283	55,390	56,530	58,717			
Ramp Rental											
Luftansa Equipment Rental											
Delta Rent Term Credit											
10% rent fee to Port Authority											
Total Gross Revenue	48,207,939	49,139,993	49,844,680	48,740,185	50,325,316	51,182,189	52,232,042	54,869,314	43,196,643	34,443,854	34,802,753
General Vacancy	(1,399,252)	(1,293,850)	(2,076,391)	(1,861,348)	(2,073,808)	(1,217,592)	(1,381,967)	(2,369,943)	(1,845,965)	(1,557,234)	(985,601)
Collection Loss	(25,835)	(25,818)	(29,447)	(30,331)	(31,215)	(29,881)	(30,385)	(33,443)	(34,988)	(36,009)	(34,713)
Effective Gross Revenue	46,782,852	47,820,325	47,738,842	46,848,506	48,220,293	49,934,716	50,819,690	52,465,928	41,315,690	32,850,611	33,782,439
Operating Expenses											
Management	2,017,168	2,067,702	2,059,700	2,012,259	2,079,808	2,142,375	2,188,843	2,265,380	1,765,617	1,327,533	1,366,981
Land Rent	6,317,715	6,459,997	6,359,776	6,160,447	6,472,421	6,621,113	6,710,188	6,867,455	6,221,538	4,729,669	4,854,550
Insurance	662,357	681,289	663,546	622,957	640,709	658,993	672,612	691,859	506,587	362,044	371,970
Repairs & Maint.	2,812,031	2,892,989	2,663,913	2,591,523	2,665,866	2,742,435	2,821,303	2,902,537	1,988,847	1,288,784	1,324,041
Taxes	7,019,811	7,206,142	7,117,853	7,188,004	7,379,382	7,576,501	7,779,534	7,988,658	6,049,217	6,206,431	6,368,361
General Admin	334,482	343,668	325,347	330,284	339,342	348,668	353,068	362,808	280,164	254,283	261,060
Utilities	1,252,462	1,290,036	1,048,526	1,079,977	1,112,379	1,145,749	1,180,121	1,215,524	994,276	476,608	490,906
Administration(NR)	159,316	164,097	152,539	147,186	151,603	156,149	155,623	160,293	90,152	80,325	82,737
General Building(NR)	697,293	716,342	645,302	613,157	629,675	646,693	659,012	676,907	338,456	297,862	304,927
Land Rent (NR)											
Total Operating Expenses	21,272,635	21,822,262	21,036,502	20,745,794	21,471,185	22,038,676	22,520,304	23,131,421	18,234,854	15,023,539	15,425,533
Net Operating Income	25,510,217	25,998,063	26,702,340	26,102,712	26,749,108	27,896,040	28,299,386	29,334,507	23,080,836	17,827,072	18,356,906

Cash Flow Roll-up

Schedule Of Prospective Cash Flow In Inflated Dollars for the Fiscal Year Beginning 7/1/2012							
For the Years Ending	Year 34 Jun-2046	Year 35 Jun-2047	Year 36 Jun-2048	Year 37 Jun-2049	Year 38 Jun-2050	Year 39 Jun-2051	Year 40 Jun-2052
Gross Revenue							
Potential Rental Revenue	\$30,409,030	\$31,679,651	\$30,255,590	\$31,281,401	\$32,235,320	\$32,855,790	\$33,691,206
Absorption & Turnover Vacancy	(1,706,743)	(378,894)	(941,085)	(788,011)	(847,753)	(566,159)	(515,621)
Base Rent Abatements							
Scheduled Base Rental Revenue	28,702,287	31,300,757	29,314,505	30,493,390	31,387,567	32,289,631	33,175,585
CPI & Other Adjustment Revenue	2,521,882	2,137,115	2,214,907	2,049,847	1,971,199	2,278,257	2,446,740
Expense Reimbursement Revenue	2,761,660	3,045,057	2,593,589	2,494,397	2,762,909	2,843,993	2,927,509
Miscellaneous							
Parking							
Ramp Rental							
Luftansa Equipment Rental							
Delta Rent Term Credit							
10% rent fee to Port Authority							
Total Gross Revenue	33,985,829	36,482,929	34,123,001	35,037,634	36,121,675	37,411,881	38,549,834
General Vacancy	(713,694)	(1,625,579)	(1,379,484)	(1,878,813)	(1,123,692)	(1,419,316)	(1,529,369)
Collection Loss	(34,875)	(39,156)	(40,959)	(42,168)	(40,942)	(43,995)	(42,229)
Effective Gross Revenue	33,237,260	34,818,194	32,702,558	33,116,653	34,957,041	35,948,570	36,978,236
Operating Expenses							
Management	1,352,556	1,420,520	1,365,609	1,391,925	1,458,316	1,501,126	1,545,641
Land Rent	4,903,742	5,026,028	5,151,713	5,280,894	5,413,670	5,550,143	5,690,420
Insurance	371,981	382,206	292,537	300,376	308,450	316,769	325,334
Repairs & Maint.	1,360,359	1,397,765	1,185,797	1,217,966	1,251,099	1,285,227	1,320,378
Taxes	6,473,887	6,643,841	6,718,697	6,895,994	7,078,612	7,266,708	7,460,447
General Admin	268,040	275,230	254,427	261,208	268,194	275,388	282,798
Utilities	505,632	520,800	511,377	526,718	542,519	558,795	575,558
Administration(NR)	75,007	77,259	72,525	74,699	76,940	79,250	81,625
General Building(NR)	289,227	296,031	303,039	310,258	317,693	325,351	333,237
Land Rent (NR)							
Total Operating Expenses	15,600,431	16,039,680	15,855,721	16,260,038	16,715,493	17,158,757	17,615,438
Net Operating Income	17,636,829	18,778,514	16,846,837	16,856,615	18,241,548	18,789,813	19,362,798

Cash Flow Roll-up

CHICAGO, IL

Chicago O'Hare International Airport (ORD) has long been ranked among the busiest civilian airports in the world. Serving both long and short haul carries, ORD is a major hub for several airlines. Cargo facilities at the airport are large and well developed. Aeroterm serves the local market as well as Prologis and the Lynxs Group. Aeroterm operates approximately 975,000 square feet of space at the airport. In the past several years the City of Chicago has set out to build out further air cargo facilities and Aeroterm is poised to be a major player in this development. At 28% market share, Aeroterm is the dominant 3rd party operator at the airport.

Metro Market Profile

Economic Strengths

- Central North American location favors major distribution hub activity
- Diversified business sectors: Manufacturing-related industries, corporate office and convention and tourism business
- Airline passenger traffic is strong due to surge in international visitors
- Positive 5 year growth projections for Gross Metro Product
- Expanding high tech sector, including Groupon, reinforces wage growth
- Attractive private equity market for small business development
- Financial hub status reinforced by relocation of Citibank regional headquarters to Chicago

Chicago, IL [Metropolitan Division]

Source: Moody's Analytics Precip US Metro

2004	2005	2006	2007	2008	2009	2010	Indicators	2011	2012	2013	2014	2015
374.7	380.3	389.8	394.3	389.4	377.1	383.9	Gross metro product (C\$B)	389.0	398.2	406.9	423.9	442.3
2.1	1.5	2.5	1.2	-1.3	-3.1	1.8	% change	1.3	2.4	2.2	4.2	4.3
3,754.1	3,790.8	3,843.7	3,873.2	3,845.4	3,645.7	3,611.9	Total employment (000)	3,637.9	3,677.0	3,702.2	3,778.6	3,885.2
-0.1	1.0	1.4	0.8	-0.7	-5.2	-0.9	% change	0.7	1.1	0.7	2.1	2.8
6.3	6.0	4.5	4.9	6.2	10.0	10.1	Unemployment rate	9.6	10.6	9.9	7.9	6.7
4.9	4.8	7.3	5.7	3.6	-5.8	3.1	Personal income growth	5.1	3.1	4.4	6.3	6.3
7,738.0	7,740.0	7,749.5	7,779.4	7,817.0	7,856.1	7,894.0	Population (000)	7,928.2	7,966.3	8,005.6	8,043.3	8,077.2
27,382	29,299	22,698	13,382	5,585	2,752	2,747	Single-family permits	2,885	3,267	5,035	5,009	4,365
9,880	14,677	17,121	14,696	7,953	1,565	2,407	Multifamily permits	3,025	5,722	4,835	4,695	4,673
246.2	270.7	283.9	286.0	253.0	203.4	195.8	Existing-home price (\$ths)	178.0	182.9	191.1	208.3	227.4
99,516	106,244	99,306	89,314	52,976	72,551	54,773	Mortgage originations (\$mil)	44,838	40,904	38,081	39,362	46,124
-50.5	-58.4	-51.8	-31.2	-25.2	-22.5	-18.8	Net migration (000)	-17.9	-14.8	-14.2	-16.2	-20.4
45,789	60,910	16,741	23,632	34,252	47,229	55,692	Personal bankruptcies	45,954	45,680	45,838	47,164	43,696

Economic Weaknesses

- Moderate population expansion over next 5 years
- Bankruptcy of American Airlines – a major Chicago hub airline
- Above average unemployment rate of 9% compared with national average of 8.1%

Real Estate Market Forecast

- Falling availability rate over next two years
- Accelerating rent growth reinforces financing and investment

Chicago, IL Industrial Market Forecast	Availability Rate (%)	CBRE EA Rent Estimate (\$/SF)	Rent Inflation (%)
2011 Q4	14.9%	\$ 4.47	-3.5%
2012 Forecast	12.9%	\$ 4.61	3.1%
2013 Forecast	11.6%	\$ 4.96	7.6%

Source: CBRE Econometric Advisors

Cash Flow Roll-up

Cargo Overview

- Major US hub due to location and highly developed rail, highway and water infrastructure

2011 Cargo Traffic Market Rank	2010 Total Cargo (Metric Tons)	2011 Total Cargo (Metric Tons)	% Change
Chicago 7th	1,376,552	1,311,622	-4.7%

Source: ACI North America

- Moderate reversal in 2011 from 2010
- Aeroterm has dominant 3rd party position at O'Hare, the #7 North American cargo airport.
- Existing facilities lacks airside access but have excellent highway access.

Real Estate Market Analysis

Aeroterm facilities compete within the O'Hare industrial submarket as delineated by CBRE.

According to the Institute of Supply Management's survey, manufacturing continued to expand in March 2012. The index rose to 53.4, from the previous month's reading of 52.4. This increase also marks the 32nd month in a row in which the sector grew.

The overall Chicago industrial market, which includes Southern Wisconsin and Northwest Indiana, contains nearly 1.2 billion square feet of inventory and currently reflects an availability rate of 10.1%, while the metro area subtotal registers in at 10.2%. Although these numbers reflect a small increase of 10 basis points on the overall market, compared to one year ago, both the metro area and overall industrial market availability rates are down 50 basis points.

Leasing activity has soared and totals 10.6 million square feet for the first quarter. This reflects an increase of 51% compared to one year ago. Included in this total are M Block & Sons' 915,643 square-foot lease at 18801 Oak Park Avenue in Tinley Park, Wilton Industries' 492,866 square-foot lease at 21228 Frontage Road in Shorewood, as well as Ozburn Hesse Logistics' 476,965 square-foot lease at 2480 McDonough Street in Joliet. Increased activity should continue as tenants attempt to lock in deals before rents begin to rise.

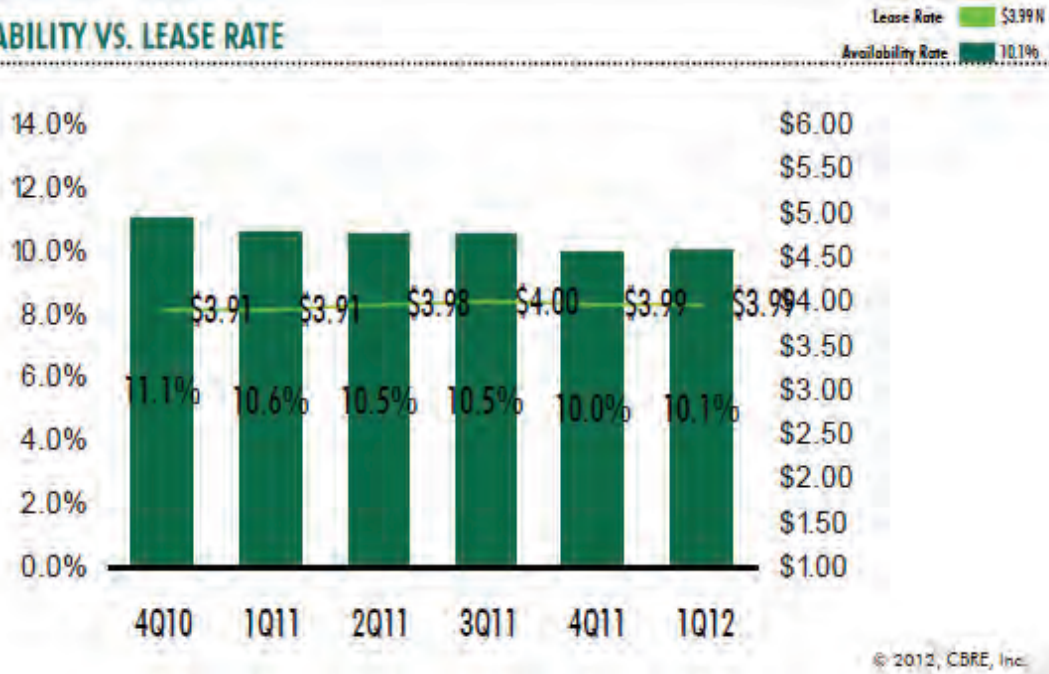
User sales totaled 2.6 million square feet during the first three months of 2012. Not included in this total was the large investment sale of Clorox's new warehouse in University Park. The 1.35 million square-foot facility at 2400 Dralle Road sold to CB Realty Trust for a reported \$64.3 million and is currently the largest industrial transaction in nearly three years.

Net absorption totaled a positive 2.3 million square feet during the first quarter and marks the seventh consecutive quarter of positive net absorption. While this number is a decline from one year ago, it is a noticeable improvement from 2010 when the first quarter's net absorption totaled negative 4.8 million square feet.



Cash Flow Roll-up

AVAILABILITY VS. LEASE RATE



Submarket	Building SF	Total Vacancy %	Avg. Asking Lease Rate
O'Hare	109,025,138	9.8%	\$3.25-\$6.25
Subject	975,793	17.9%	\$8.00-\$28.00

O'Hare Airport Property Profile

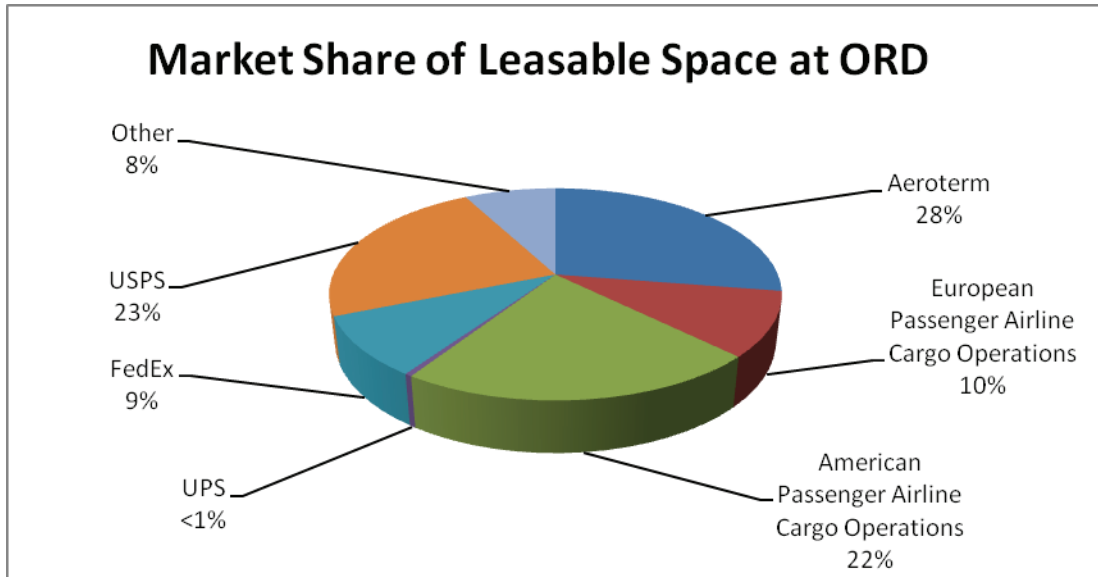
The O'Hare contribution to the portfolio is unique in that it is comprised of two clusters of buildings, each with vacant land. A third airside site is now under construction but is not included in this analysis.

Argus #	Address	NLA per			# Bldgs.	Yr. blt	Lease		
		Argus	office %	Site area			Tenants	Expiratio	Land Lease Options
1	Land 512 Express Center Drive			2.39			1	8/1/2042	1 @ 13 Yrs. & 1.5 mos.
2	514 Express Center Drive	660,830	28.00%	43.82	1	1998	1	8/1/2042	1 @ 13 Yrs. & 1.5 mos.
3	515 Express Center Drive		15.00%		1	1997	2	8/1/2042	1 @ 13 Yrs. & 1.5 mos.
4	516 Express Center Drive		5.00%		1	1998	2	8/1/2042	1 @ 13 Yrs. & 1.5 mos.
5	517 Express Center Drive		10.00%		1	1997	1	8/1/2042	1 @ 13 Yrs. & 1.5 mos.
6	891 Upper Express Drive	314,963	5.00%	25.34	1	2003	1	2/4/2042	15 Yrs.
7	893 Upper Express Drive		7.00%		1	2005	1	2/4/2042	15 Yrs.
8	899 Upper Express Drive		100.00%		1	2004	1	2/4/2042	15 Yrs.
9	Land 895-897 Upper Express Drive		-	24.00	-	-	-	2/4/2042	15 Yrs.
		975,793		95.55					

Importantly, none of the O'Hare properties are on-tarmac so goods must be trucked through security. Properties 1-5 are conventional air cargo warehouses with offices located at the south end of the airport, while Properties 6-8 include built to suit facilities leased to the FAA and City of Chicago at the north end. Most of the vacancy is concentrated in the on-airport warehouse component. The high end of the lease range is actually Class A office occupied by Federal Marshalls. The vacant land, including a 24 acre parcel adjacent to the north end cluster is uncommitted at this time.

Cash Flow Roll-up

Aeroterm controls a 28% share of all O'Hare on-airport air cargo capacity. While O'Hare has over 3.4 million square feet of on-airport cargo capacity, Aeroterm controls 89% of third-party space. The balance of capacity at O'Hare is controlled directly by passenger airlines, FedEx and the Postal Service. The overall percentage of space Aeroterm controls will be significantly increased once a new 4 building airside expansion, now under construction by Aeroterm, is completed in 2013.



Cash Flow Roll-up

ANCHORAGE, AK

The Anchorage airport is a major hub between North American, Asian and European destinations. Accordingly, the airport has modern facilities that can handle the new generation of aircraft coming onto the market. The cessation of the Northwest cargo activity in 2009 and the economic downturn have slowed down the growth of airport facilities, but as a strategically important link in the global economy, the airport will continue to be a major link in the global supply chain.

Due to laws regarding the transport of goods and operation of airlines in the US, the Anchorage International airport (ANC) is uniquely positioned under a special provision in the law that allows foreign flagged freight transporters to stop in ANC and transfer their cargo and avoid some of the laws that constrain their access to other US airports. This legal status and its close relative proximity to distant overseas markets, provide ANC a larger than expected amount of cargo than its location and proximity to population centers would otherwise suggest. Since cargo is passing through the airport, the airport counts tonnage for all flights, but does not store or distribute near the quantity of its peer group. This characteristic as a conduit for air cargo and not an end destination, is reflected in a smaller stock of air cargo warehousing and handling space.

Metro Market Profile

Economic Strengths

- Air transportation gateway between US and Asia
- Diversified business sectors compared to rest of state: professional services, transportation, education and healthcare
- Unemployment rate of 6.1% is below national averages
- Economy supported by oil revenues
- Energy investments favor growth in port traffic and transportation and energy jobs

Anchorage, AK							Source: Moody's Analytics PreciS US Metro					
2005	2006	2007	2008	2009	2010	2011	Indicators	2012	2013	2014	2015	2016
18.5	19.1	19.3	19.5	20.6	20.8	21.2	Gross metro product (C\$B)	22.0	22.9	24.0	25.1	26.0
2.4	2.8	1.5	0.8	5.6	1.1	1.8	% change	3.7	4.3	4.5	4.6	3.9
164.1	166.7	168.3	171.1	170.7	172.1	174.3	Total employment (000)	175.2	179.2	184.3	190.5	196.2
2.2	1.5	1.0	1.6	-0.2	0.8	1.3	% change	0.5	2.3	2.8	3.4	3.0
5.9	5.7	5.3	5.7	7.1	7.4	6.7	Unemployment rate	6.1	6.3	6.3	5.5	4.7
6.7	7.3	6.3	9.3	-2.0	3.9	3.7	Personal income growth	4.7	6.3	7.6	6.9	5.8
350.9	358.7	360.2	365.6	374.6	383.1	387.5	Population (000)	393.4	399.9	406.7	412.0	416.8
859	665	379	267	297	424	406	Single-family permits	265	275	796	1,409	1,789
1,040	923	591	193	254	109	138	Multifamily permits	135	122	127	134	109
212.5	223.2	220.7	209.8	187.8	185.7	186.0	Existing-home price (\$ths)	190.8	196.8	214.0	231.8	244.2
3,764	3,602	3,314	2,953	4,482	3,061	2,293	Mortgage originations (\$mil)	2,047	1,898	2,169	2,573	2,867
2.3	4.0	-2.8	1.3	4.8	4.4	0.3	Net migration (000)	1.6	2.2	2.4	0.9	0.3
1,378	373	401	552	589	718	635	Personal bankruptcies	611	744	723	529	473

Economic Weaknesses

- Slowing federal expenditures threatens jobs
- Lower oil prices directly impacts revenue to state
- Higher than average cost of living

Cash Flow Roll-up

Cargo Overview

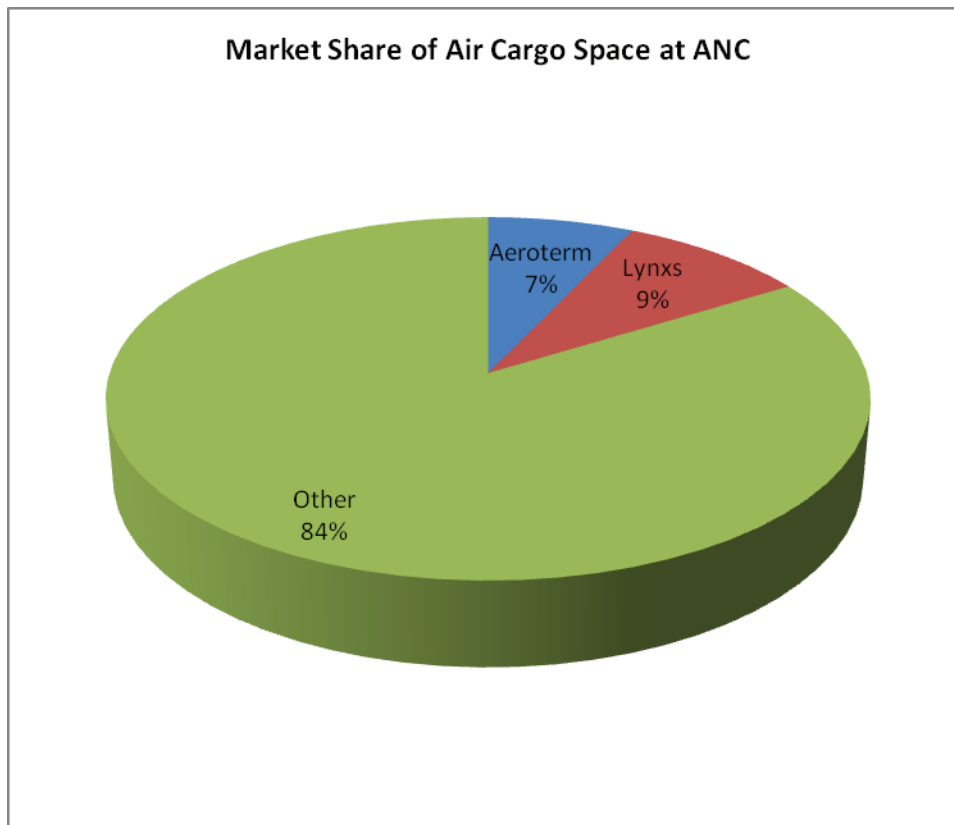
- ANC one of largest air cargo airports in North America
- Cargo growth down from 2010 to 2011
- Status as trans-Pacific hub reinforces cargo hub size
- Most cargo facilities are airport controlled.

2011 Cargo Traffic Market Rank	2010 Total Cargo (Metric Tons)	2011 Total Cargo (Metric Tons)	% Change
Anchorage 2nd	2,646,695	2,543,105	-3.9%

Source: ACI North America

Property Profile at Ted Stevens International Airport

The Anchorage airside facility is one of the older warehouses in the portfolio, however, it has received recent renovations. Its present occupancy at 44% would be a concern except that at 80,884 sq. ft. it is one the smaller buildings in the portfolio. Anchorage remains important for refueling international cargo flights, however, the actual amount of air cargo off loaded is far below the volumes that park on the tarmac, noted here.



Cash Flow Roll-up

BOSTON/ WORCESTER (BOYLSTON), MA

This AeroTerm fee-owned warehouse facility is occupied by FedEx but really has no direct airport relationship and is something of an outlier in this portfolio. Boylston, near Worcester, falls within the Boston Route 128 West industrial submarket as delineated by CBRE.

Metro Market Profile

Economic Strengths

- Lower than average unemployment rates of 6.8% and 6.4% in Worcester and Boston are due to higher than average growth in high tech and manufacturing sectors
- Diversified business sectors: professional services, high technology, education and healthcare will help the region outpace national growth
- High concentration of colleges reinforces diversified economic base
- Casino development in Worcester spurring local development

Worcester, MA								Source: Moody's Analytics Precis US Metro				
2004	2005	2006	2007	2008	2009	2010	Indicators	2011	2012	2013	2014	2015
28.8	28.7	29.2	29.4	29.7	28.3	29.5	Gross metro product (C\$B)	30.4	31.6	32.6	33.6	34.6
1.7	-0.4	1.6	0.8	1.2	-5.0	4.5	% change	2.8	3.9	3.4	3.1	3.0
326.3	325.3	328.4	329.5	328.1	316.4	318.3	Total employment (000)	326.1	330.1	332.8	338.6	345.3
0.7	-0.3	0.9	0.4	-0.4	-3.6	0.6	% change	2.5	1.2	0.8	1.8	2.0
5.6	5.2	5.1	4.9	5.8	9.0	9.3	Unemployment rate	8.3	7.7	8.3	7.9	7.0
5.0	4.1	7.3	6.2	3.7	-2.3	4.6	Personal income growth	6.6	4.9	5.3	6.5	6.1
777.9	781.3	785.3	788.3	790.8	795.3	799.3	Population (000)	802.1	803.7	804.8	806.1	807.4
3,356	3,154	2,265	1,660	803	973	1,067	Single-family permits	763	1,183	2,299	2,856	3,087
336	444	420	127	106	446	324	Multifamily permits	153	562	584	575	556
273.8	289.2	281.0	272.7	237.1	213.7	221.6	Existing-home price (\$ths)	210.0	206.0	211.4	236.1	256.9
9,575	9,500	7,456	6,066	4,337	5,869	4,417	Mortgage originations (\$mil)	3,613	3,048	2,925	3,358	4,005
-1.3	-0.6	-0.2	-1.6	-1.7	1.3	1.1	Net migration (000)	-0.2	-1.5	-2.1	-2.0	-2.1
2,680	4,015	1,315	2,254	2,668	3,364	3,797	Personal bankruptcies	3,668	3,621	3,587	3,692	3,475

Economic Weaknesses

- Higher than average cost of business and cost of living, though cost of living moderates toward Worcester in close proximity of the property
- Federal cuts hurt defense industries in the region
- Weaker housing recovery in the Worcester market near the property

Real Estate Market Forecast

- Rising economy should translate into improving industrial market with accelerating rent growth
- Property is located near the I-495 corridor

West Boylston, MA Industrial Market Forecast	Availability Rate (%)	CBRE EA Rent Estimate (\$/SF)	Rent Inflation (%)
2011 Q4 (Boston)	18.4%	\$ 5.78	-0.4%
2012 Forecast	17.2%	\$ 5.79	0.2%
2013 Forecast	15.5%	\$ 6.08	5.0%

Approx 9 miles to Worcester/ 45 miles to Boston airports - Source: ACI North America

Cash Flow Roll-up

Real Estate Market Analysis

The following discussion illustrates some general observations in the surrounding Boston Route 128 industrial submarket.

The Industrial market continued on its stoic path to recovery with 600,000 square feet of positive absorption in the first quarter, the fifth consecutive quarter of positive traction. The North and West submarkets have been slower to rebound compared to the South due to a new supply of large blocks that have returned to the market. The Route 128 belt has performed well and is expected to bounce back with the help of some upcoming requirements while the I-495 West submarket is making slower strides toward recovery. Market-wide rents have seen a slight decrease across the board, but with activity heating up, availability should decline and prices will naturally become more competitive.

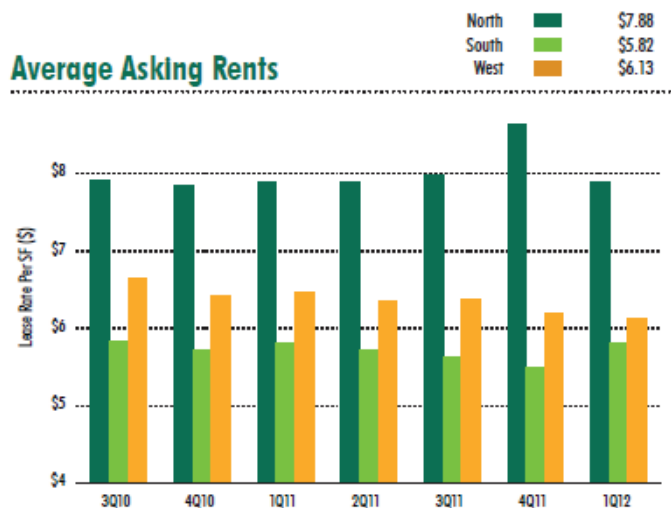
Boston Route 128 West Market Snapshot

	Current	Change from last	
		Year	Qtr.
Vacancy	17.0%	↔	↓
Lease Rates	\$6.63 (NNN)	↓	↓
Net Absorption*	607k SF	↓	↓

* The arrows are trend indicators over the specified time period and do not represent a positive or negative value (e.g., absorption could be negative, but still represent a positive trend over a specified period).

Metro West

- Activity continues to slowly return to this market with the majority of deals transacting in the 50,000-100,000 square foot range. The West posted 87,000 square feet of negative absorption this quarter as both availability and vacancy increased by 50 basis points and 20 basis points respectively.
- Overall asking rents decreased slightly from the end of 2011 in all areas of the West with the exception of Natick/Framingham where rents rose \$0.41 per square foot.
- Hood Industries executed the largest lease of the quarter taking 74,000 square feet at 91 Fitchburg Road in Ayer. Keurig continues to be the largest in the hunt for space in the region, with a requirement of 500,000 square feet, while Kidde Fenwal is another tenant in the region actively looking for 200,000 square feet by the end of the year.



Cash Flow Roll-up

Submarket	Building SF	Total Vacancy %	Avg. Asking Lease Rate
Boston Route 128 West	3,078,102	9.1%	\$6.13-\$11.19
Subject	88,590	0%	\$9.00

Property Profile

The small West Boylston facility is off airport but built to suit Fed Ex as a regional sorting facility. As noted above, the building has enjoyed full single tenant occupancy at premium industrial rates despite being 14 miles from the Worcester Regional Airport and nearly 50 miles from Boston's Logan.

Cash Flow Roll-up

DALLAS, TX

The Dallas-Ft. Worth International Airport (DFW) claims to be third largest in the world in terms of airport operations. In its 2009 master plan, it boasts total airport and related employment of over 300,000 with annual payrolls exceeding \$7.6 billion. Air cargo is a component of this activity.

Metro Market Profile

Economic Strengths

- Major air transportation gateway in the Southwest
- Diversified business sectors: professional services, finance and high technology
- Unemployment rate of 7.0% is below national averages and rate of job growth should continue to outperform the US economy
- Economy supported by above average population growth
- Expanding high tech sector includes continued demand for data centers
- Less exposure to single family home crisis will lead to more rapid recovery in housing sector

Dallas, TX [Metropolitan Division]							Source: Moody's Analytics Precip US Metro					
2005	2006	2007	2008	2009	2010	2011	Indicators	2012	2013	2014	2015	2016
191.1	202.4	210.8	214.5	210.8	217.4	230.3	Gross metro product (C\$B)	241.6	252.2	264.6	277.2	289.5
3.4	5.9	4.2	1.7	-1.7	3.1	6.0	% change	4.9	4.4	4.9	4.8	4.4
1,948.4	2,015.0	2,073.8	2,097.6	2,014.2	2,016.9	2,058.8	Total employment (000)	2,100.8	2,154.9	2,229.2	2,316.7	2,402.8
2.5	3.4	2.9	1.1	-4.0	0.1	2.1	% change	2.0	2.6	3.4	3.9	3.7
5.2	4.8	4.4	5.1	7.8	8.3	8.1	Unemployment rate	7.3	7.0	7.2	6.1	5.2
8.2	8.4	6.5	7.3	-7.4	3.8	4.6	Personal income growth	3.4	4.5	6.3	8.0	7.7
3,817.5	3,925.8	4,011.3	4,092.7	4,178.1	4,257.2	4,347.2	Population (000)	4,437.8	4,528.3	4,623.0	4,720.8	4,821.9
31,571	28,393	19,407	12,207	9,770	10,684	10,284	Single-family permits	11,889	15,240	21,919	25,581	26,171
7,128	8,845	11,767	15,063	4,607	3,860	8,000	Multifamily permits	8,672	9,146	9,466	9,318	9,684
156.4	159.6	161.5	155.7	150.1	154.1	158.0	Existing-home price (\$ths)	159.4	159.9	165.0	171.2	176.4
25,029	24,949	23,826	18,099	23,135	18,579	18,750	Mortgage originations (\$mil)	20,977	13,933	13,960	14,983	16,366
22.8	57.6	33.5	33.8	38.5	33.7	46.0	Net migration (000)	45.7	44.9	48.3	50.7	53.4
24,484	7,517	8,912	9,143	11,447	12,222	11,160	Personal bankruptcies	11,009	11,854	12,849	11,448	11,339

Economic Weaknesses

- American Airlines bankruptcy causing layoffs
- Moderately higher than average cost of living

Real Estate Market Forecast

- Moderate recovery in industrial market vacancy
- Rent growth begins to accelerate in 2013

Dallas, TX Industrial Market Forecast	Availability Rate (%)	CBRE EA Rent Estimate (\$/SF)	Rent Inflation (%)
2011 Q4	14.7%	\$ 3.18	1.0%
2012 Forecast	14.5%	\$ 3.26	2.5%
2013 Forecast	13.6%	\$ 3.40	4.3%

Source: CBRE Econometric Advisors

Cargo Overview

- Major national cargo hub

2011 Cargo Traffic Market Rank	2010 Total Cargo (Metric Tons)	2011 Total Cargo (Metric Tons)	% Change
Dallas 11th	711,646	654,415	-8.0%

Source: ACI North America

Cash Flow Roll-up

- Moderate downturn in 2011

Real Estate Market Analysis

The Aeroterm property lies within the DFW industrial submarket as delineated by CBRE.

The Dallas Metroplex experienced a strong first quarter of 2012 as indicators continue to trend positive. The area has not experienced negative absorption since the third quarter of 2010 and with 4,764,004 SF of absorption the first quarter of 2012 posted the highest level in that time frame. This absorption has caused the vacancy rates to continue to head downwards. Total vacancy dropped from 10% to 9.3% and direct vacancy fell from 9.8% to 9.2%.

The economy continues to improve and can be seen in the decreasing unemployment rates. According to Econometric Advisors the unemployment rate has seen the most consistent decrease over the past four months, which indicates businesses are starting to believe the recovery will continue and is becoming self sustaining. Locally, the increase in hiring has brought the unemployment rate down to 7.1%, a full percentage point lower than it was this time last year. The DFW unemployment level continues to be lower than Texas (7.2%) and the US (8.3%). Further evidence of improvement in the job market comes from the Texas Manufacturing Outlook Survey. Conducted by the Dallas Federal Reserve more than half the firms that responded expect to increase hiring in the next six to twelve months and suggest that the overall manufacturing outlook is positive. While there are plenty of reasons for optimism there are still potential problems in the future. With elections in November, a divided Congress, as well as international issues we could see decreasing business confidence as the year progresses.

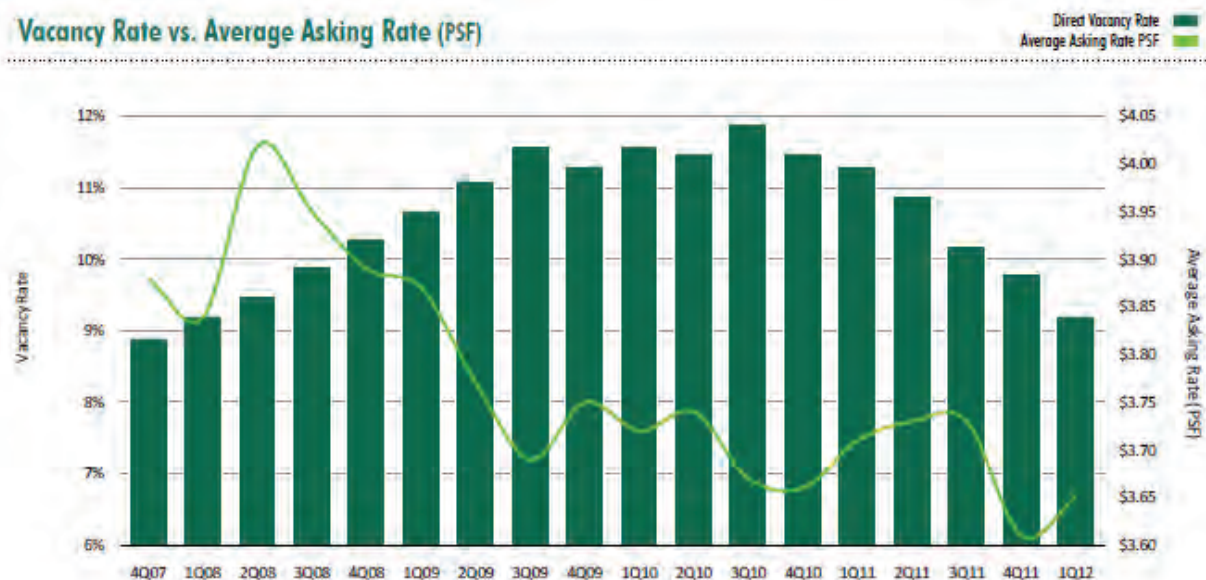
The first quarter saw an increase in the number of deals in all size ranges, this increase contributed significantly to the high level of absorption. In addition to these there are still several significant deals that have been completed but have to be absorbed. These large deals suggest that the coming quarters will continue to have positive absorption. In addition to consecutive quarters of positive absorption vacancy rates have been driven down by low levels of construction. During the first quarter 1,397,077 SF were under construction across the Metroplex and 67,705 SF were completed. Currently there is no speculative development under way despite low vacancy rates and increasing rents, this could change over next year as big deals start to close faster and lending becomes more available.

DFW Market Snapshot			
		Yr.	Qtr.
Total Vacancy	9.3%	↓	↓
Lease Rates	\$3.65	↓	↑
Net Absorption	4.7 MSF	↑	↑
Under Construction	1.4 MSF	↑	↑
Delivered Construction	67,250	↓	↓

The arrows are trend indicators over the specified time period and do not represent a positive or negative value. (e.g., absorption could be negative, but still represent a positive trend over a specified period.)

Cash Flow Roll-up

Vacancy Rate vs. Average Asking Rate (PSF)



Submarket	Building SF	Total Vacancy %	Avg. Asking Lease Rate
DFW Airport	64,107,714	9.8%	\$3.83-\$7.13
Subject	798,992	33.5%	\$2.00-\$12.00

Property Profile at DFW

Aeroterm controls over 29% of the cargo handling capacity at the DFW International Airport. Property 18 is on fee owned land, the balance are on-airport leases. Building E (14) is a specialized facility and enjoys premium rents. Most of the buildings have above average ratio of office resulting in higher rents, at or above off airport space in this elastic Dallas submarket.

Argus #	Address	GLA per		office %	Site area	# Bldgs.	Tenants
		Argus	Ramp				
12	3010 North Airfield Drive	39,000		18.30%	2.50	1	1
13	1900-1930 West Airfield Drive	131,817		30.00%	10.20	4	14
14	1625 West 18 th Street	23,440		22.80%	1.84	1	1
15	1830 West Airfield Drive	116,895		17.00%	5.03	1	1
16	2323 & 2405-2417 N. Support Road & Ramp	330,849	265,900	N/A	35.41	5	3
17	1840-1850 West Airfield Drive	78,742		22.00%	6.97	2	4
18	1100-1104 East Dallas Road	78,249		23.00%	7.27	3	5

The DFW Master Plan considers that there integrator and belly cargo facilities are adequate to accommodate freight forwarding, but that international all-cargo facilities will expand from 56 acres to 120-200 acres by 2030. Further leasehold development is being planned but the sites lack on-tarmac access to 265,900 sq. ft. ramp enjoyed by the subject buildings on Airfield Drive.

Cash Flow Roll-up

FT. LAUDERDALE, FL

Fort Lauderdale – Hollywood International Airport (FLL), is positioned just north of the Miami International Airport. While international flights still favor Miami International, FLL has been attracting international service as well as continuing to serve the domestic market with several passenger airlines. The airport has excellent access to I-95 and I-595/I-75, making the entirety of the Southern US accessible within a one day drive, not to mention major local markets on the mainland and in the Caribbean. Aeroterm is the dominant air cargo player, in terms of facility size. Lynxs Group has a notable presence with an approximately 60,000 sq. ft. building.

Metro Market Profile

Economic Strengths

- Air cargo tied to Latin American growth
- Diversified business sectors: professional services, professional services and healthcare
- Lower cost of business than Miami will help to attract international business that might otherwise go to Miami
- More rapid recovery in past few months due in part to tourism, especially international tourism
- Healthcare manufacturing driven by expanding companies including Mako Surgical and Bioheart
- Improving financial services sector due to bank restructurings

Fort Lauderdale, FL [Metropolitan Division]

Source: Moody's Analytics Precip US Metro

2005	2006	2007	2008	2009	2010	2011	Indicators	2012	2013	2014	2015	2016
71.2	73.5	74.7	71.3	68.1	69.5	70.6	Gross metro product (C\$B)	71.5	73.0	75.2	77.3	79.2
7.0	3.3	1.6	-4.6	-4.5	2.1	1.6	% change	1.3	2.1	3.0	2.9	2.3
761.0	782.6	789.7	765.1	712.5	704.5	711.1	Total employment (000)	719.3	726.8	742.8	762.8	779.4
5.1	2.8	0.9	-3.1	-6.9	-1.1	0.9	% change	1.1	1.1	2.2	2.7	2.2
3.6	3.0	3.4	5.3	8.9	10.1	9.3	Unemployment rate	8.0	8.0	7.4	6.7	6.2
9.3	5.9	3.6	2.0	-7.4	2.0	3.7	Personal income growth	3.9	5.1	7.2	7.3	6.2
1,746.9	1,739.3	1,720.8	1,723.6	1,733.3	1,753.1	1,762.4	Population (000)	1,779.0	1,806.4	1,839.6	1,875.0	1,911.8
3,609	3,550	1,754	908	563	979	1,417	Single-family permits	904	2,004	3,619	4,161	4,476
3,342	3,166	2,179	1,256	486	189	1,281	Multifamily permits	808	2,171	2,797	2,982	3,061
360.5	367.5	361.0	280.6	204.2	183.3	184.0	Existing-home price (\$ths)	181.8	186.4	208.4	226.1	235.8
31,577	28,754	19,790	7,411	5,814	5,195	5,611	Mortgage originations (\$mil)	6,280	4,422	4,555	4,903	5,346
13.8	-15.4	-27.2	-6.2	2.8	13.4	3.7	Net migration (000)	11.0	21.8	27.5	29.8	31.2
10,417	2,196	3,613	5,989	8,995	11,494	10,168	Personal bankruptcies	9,206	9,012	9,311	8,750	8,790

Economic Weaknesses

- Unemployment rate marginally above the national average
- Larger hubs in close proximity to Ft. Lauderdale
- Housing market in a slow recovery

Real Estate Market Forecast

- Slow recovery from economic downturn
- Forecast rent stabilization and growth by 2013

Ft. Lauderdale, FL Industrial Market Forecast	Availability Rate (%)	CBRE EA Rent Estimate (\$/SF)	Rent Inflation (%)
2011 Q4	14.0%	\$ 5.24	-1.5%
2012 Forecast	13.0%	\$ 5.01	-4.4%
2013 Forecast	11.2%	\$ 5.11	2.0%

Cash Flow Roll-up

Cargo Overview

- Regional hub between Atlanta and Miami
- Modest downturn in 2011

2011 Cargo Traffic Market Rank	2010 Total Cargo (Metric Tons)	2011 Total Cargo (Metric Tons)	% Change
Ft. Lauderdale 42nd	88,965	87,027	-2.2%

Source: ACI North America

Miami Real Estate Market Analysis

The subject property is in Ft Lauderdale, FL and lies within the Central Dade Miami industrial submarket as delineated by CBRE.

The Miami industrial market continued to improve through first quarter 2012. This trend has been ongoing for several quarters despite relatively weak performance in the South Florida markets. Vacancy continues to decline and absorption remains strong as the demand for industrial space in Miami grows.

By the end of first quarter, Miami had a healthy 1,273,911 SF of positive absorption. This represents an approximate 261% increase in quarterly absorption from the previous quarter when absorption was positive 486,954 SF. The strongest performing submarkets were Airport/Doral, Medley, and Hialeah with 576,791 SF, 494,889 SF, and 315,081 SF of positive absorption respectively. Positive absorption in Hialeah was facilitated by sugar manufacturer, Banah International, as they occupied 301,800 SF at 213 SE 10TH Avenue. Medley saw Crowley Logistics occupy 123,448 SF of space at 10205 NW 108th Avenue, Flager Station. Lastly, the Airport/Doral submarket saw Avnet, an office equipment merchant and wholesaler, occupy 103,131 SF at 2100 NW 97th Avenue, Beacon at 97th. Codotrans, a freight transportation arrangement company, also took occupancy of 41,990 SF at 8550 NW 17th Street in the Airport/Doral submarket. The lack of any real trend among a single industry proves to be a positive sign as multiple industries are represented in current leasing activity.

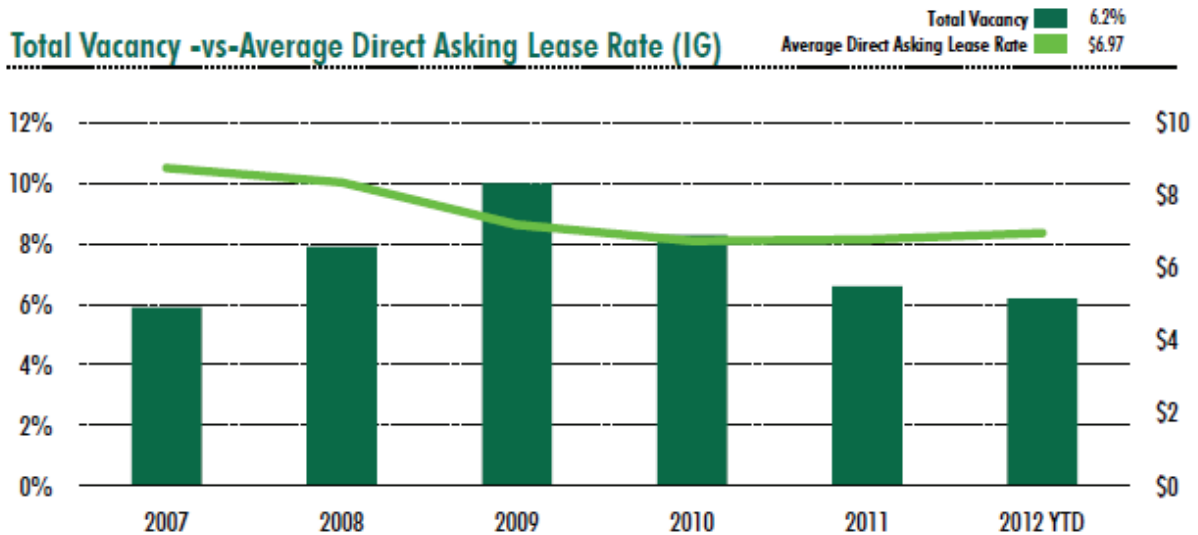
As a result of increasing demand for Miami industrial space and diminishing availability of quality large spaces, particularly contiguous space of 100,000 SF and up, developers are poised to move forward with several development projects across Miami-Dade. Most of these projects have been in the works for several quarters. Beacon Lakes Building 13, with 189,740 SF, is expected to be the first of the six known planned projects to commence vertical construction—reportedly in the second quarter. As scarcity of industrial zoned land increases, developers and institutional investors continue to seek control of new sites for future development in an effort to capitalize from an eventual U.S. economic recovery.

Miami Market Snapshot			
	Current	Yr.	Qtr
Total Vacancy	6.2%	↓	↓
Avg Dir Asking Lse Rate	\$6.97	↑	↑
Qtr Net Absorption	1,274 K	↑	↑
Under Construction	0	↔	↔
Completions	0	↓	↔

*The arrows indicate a trend and do not represent a positive or negative value for the underlying statistic (e.g. Net absorption could be negative, but still represent a positive trend over the time period)

Cash Flow Roll-up

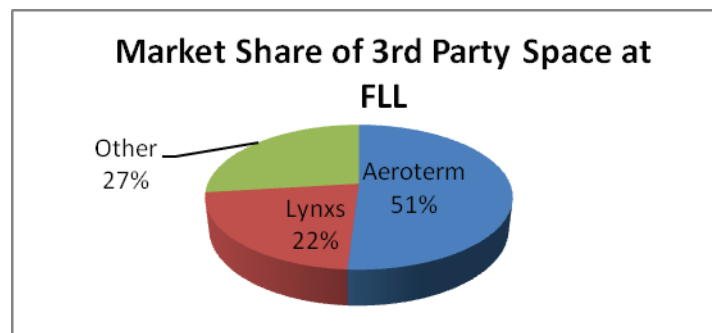
Market conditions and indicators continue to improve as positive trends remain strong. The expectations leading into 2012 were optimistic and have been justified as vacancy decreased and no new supply has been introduced to the market, helping reduce availability and increase asking rates.



Submarket	Building SF	Total Vacancy %	Avg. Asking Lease Rate
Central Dade	37,767,149	6.3%	\$4.64-\$11.19
Subject	151,213	22.5%	\$3.50-\$18.00

Property Profile at Fort Lauderdale International Airport (FLL)

While located within the greater Miami Metroplex, the Fort Lauderdale International Airport handles significant international cargo for its size. The Aeroterm holdings are comprised of six buildings totaling 151,213 sq. ft. (including a hangar) on a 24.52 acre on-tarmac site with 375,100 sq. ft. of ramp. There may also be redevelopment potential at his north airport location. Rents appear at or above market averages but in line with on-airport facilities.



Aeroterm controls over 51% on air cargo space at FLL. Lynx has 22% and the balance of space is airport authority controlled.

Cash Flow Roll-up

FT. MYERS, FL

Southwest Florida International Airport (RSW), is located close to Naples and the larger Tampa Bay/Sarasota/Bradenton market on the Gulf side of the state. With close proximity to the I-75 corridor, the airport is well positioned. The airport suffers from only having one runway, but has been aggressive in attracting new businesses to a proposed development on airport property and recently finished a major passenger terminal upgrade in 2004. The Airport plays host to several domestic carriers and is one of the busiest single runway facilities in the country. AeroTerm is the sole third party operator on the airport grounds; the local airport authority operates a small facility onsite.

Metro Market Profile

Economic Strengths

- Attractive retirement area – will aid future area development
- Relatively diversified for small market: professional services, leisure/hospitality government and retail
- Housing affordability will encourage in-migration
- Moderate climate.

Ft. Myers - Cape Coral, FL

Source: Moody's Analytics Precip US Metro

2005	2006	2007	2008	2009	2010	2011	Indicators	2012	2013	2014	2015	2016
20.0	20.9	20.5	19.0	18.0	18.1	18.0	Gross metro product (C\$B)	18.1	18.9	19.9	20.8	21.8
10.0	4.5	-2.1	-7.0	-5.4	0.7	-0.8	% change	0.6	4.3	5.3	5.0	4.8
220.8	232.0	230.1	215.5	199.5	197.4	202.5	Total employment (000)	207.5	213.2	221.4	230.6	239.7
8.4	5.1	-0.8	-6.3	-7.4	-1.0	2.6	% change	2.5	2.7	3.9	4.2	3.9
3.2	2.8	4.5	8.0	11.9	12.8	11.2	Unemployment rate	10.2	10.5	10.2	9.7	9.2
12.4	13.0	3.5	1.2	-9.1	3.1	5.2	Personal income growth	3.4	5.8	8.3	8.3	7.8
555.0	582.7	604.7	611.0	612.3	620.0	631.8	Population (000)	646.9	665.5	686.7	709.6	734.4
22,211	14,700	4,356	1,216	906	1,175	1,242	Single-family permits	1,970	4,050	5,726	6,380	6,517
7,119	4,046	1,549	386	38	101	423	Multifamily permits	1,348	2,946	3,355	3,301	3,249
265.5	263.1	246.1	166.5	89.8	91.7	104.2	Existing-home price (\$ths)	105.4	103.8	113.2	120.8	129.9
13,771	14,319	8,196	3,114	2,604	1,950	1,757	Mortgage originations (\$mil)	1,995	1,508	1,618	1,729	1,859
32.5	26.9	20.0	4.9	0.1	6.6	11.0	Net migration (000)	14.2	17.8	20.4	22.1	24.0
2,446	503	1,330	2,916	4,363	4,419	3,207	Personal bankruptcies	4,547	4,523	4,671	4,555	4,640

Economic Weaknesses

- Overbuilt housing market still drag on the economy with a high foreclosure rate
- Leisure industries and retirement economy are very cyclical
- State medicaid cuts will hit healthcare sector

SW Florida Market Snapshot

	Current	Change from last year
Vacancy	16.3%	↓
Blended Asking Lease Rate	\$5.05	↓
Net Absorption	346 K	↑
Under Construction	205 K	↑
Median Sale Price PSF	\$52	↓

Real Estate Market Forecast

CRE Consultants of Fort Myers regularly surveys the Southwest Florida industrial market. The Lee County submarket encompasses the Fort Myers Southwest Florida International Airport. While the region boasts a total industrial capacity of nearly 20 million square feet, Lee County includes the lion's share at 13.6 million. County vacancy at the end of 2011 hovered around 18.5% with average NNN asking rates of \$4.55, compared to region-wide averages at

Cash Flow Roll-up

\$5.05 and 16.3% vacancy.

CRE projects rising occupancies, but continued downward pressure on lease rates at renewal.

Cargo Overview

- Relatively small cargo market
- Experienced modest downturn in 2011

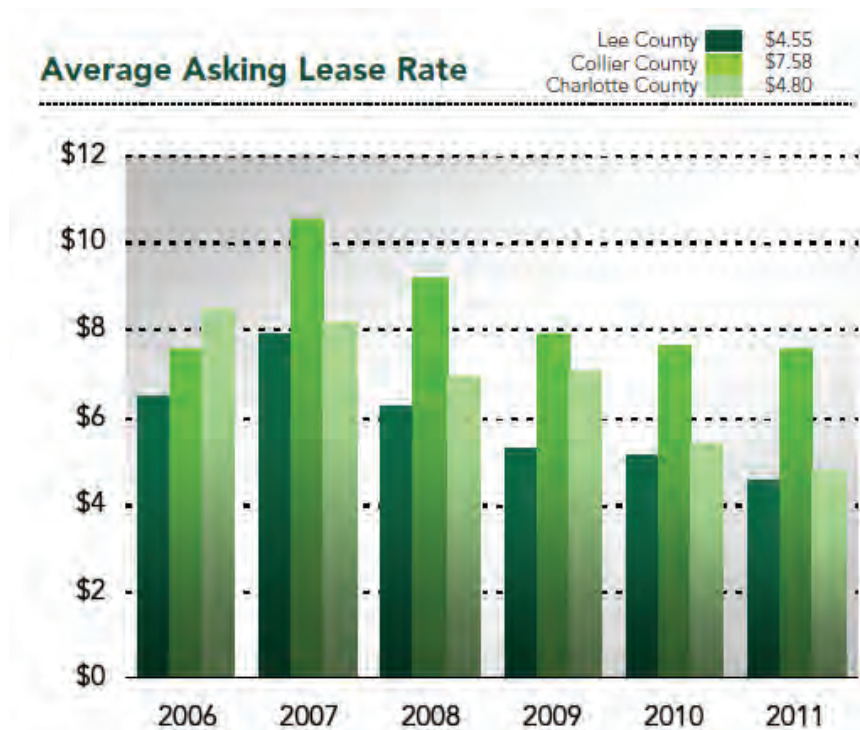
2011 Cargo Traffic Market Rank	2010 Total Cargo (Metric Tons)	2011 Total Cargo (Metric Tons)	% Change
Ft. Myers 101st	15,498	14,764	-4.7%

Source: ACI North America

The Fort Myers Southwest Florida International Airport is located in South Fort Myers, Florida. The airport's service market is Southwest Florida, particularly greater Fort Myers. The designator RSW was originally assigned for "Regional South-West" however, as the name of the airport has changed; the Lee County Port Authority has re-branded the airport's designator code as "Ready to Serve the World".

Property Profile at Fort Myers Southwest Florida International Airport

The small Fort Myers facility is on-airport and commands a premium \$10 NNN rent. The 24,000 sq. ft. building was built in 1993 and is presently 80% occupied. It is the only on-airport facility at FLL.



Cash Flow Roll-up

HOUSTON, TX

George Bush Intercontinental Airport (IAH) is a major US airport that is a central transportation hub of a metropolitan area that encompasses over six million people and businesses. The airport is poised to benefit from increased air cargo traffic due to a major expansion of onsite cargo facilities and dedicated US Customs and Department of Agriculture areas within the property. On the airport, AeroTerm is the dominant operator in its market. With 60% of the market share, the company has little 3rd Party competition.

Metro Market Profile

Economic Strengths

- Major air cargo hub in Southwestern US
- Diversified business sectors: professional services, manufacturing and oil and gas
- Unemployment rate of 7.0% is below national averages and rate of job growth
- Economy tied to expanding oil and gas businesses that produce many professional jobs
- Trade enhanced by port connection to Gulf of Mexico
- Growing incomes will aid in housing market recovery

Houston, TX								Source: Moody's Analytics Precis US Metro				
2005	2006	2007	2008	2009	2010	2011	Indicators	2012	2013	2014	2015	2016
273.9	287.6	306.3	298.3	310.7	317.1	342.8	Gross metro product (C\$B)	363.7	377.9	395.1	412.2	428.7
-3.6	5.0	6.5	-2.6	4.2	2.0	8.1	% change	6.1	3.9	4.6	4.3	4.0
2,349.8	2,447.5	2,547.6	2,601.8	2,532.6	2,527.8	2,592.8	Total employment (000)	2,663.4	2,726.4	2,814.9	2,917.8	3,013.2
2.8	4.2	4.1	2.1	-2.7	-0.2	2.6	% change	2.7	2.4	3.2	3.7	3.3
5.6	5.0	4.3	4.8	7.6	8.5	8.3	Unemployment rate	7.1	6.8	7.3	6.3	5.3
9.9	11.7	6.6	12.2	-7.0	6.5	8.0	Personal income growth	4.3	4.3	6.1	7.6	7.3
5,258.7	5,448.8	5,566.6	5,702.3	5,852.2	5,975.9	6,101.5	Population (000)	6,225.8	6,350.0	6,472.5	6,590.1	6,709.6
51,205	55,162	42,217	28,192	22,369	22,330	22,493	Single-family permits	25,635	29,518	40,218	43,737	43,745
10,920	16,557	21,057	14,536	4,957	5,122	7,190	Multifamily permits	9,757	12,341	11,895	10,894	10,520
143.0	149.1	152.1	151.0	151.5	154.8	154.2	Existing-home price (\$ths)	156.9	157.6	162.5	172.0	177.2
27,281	29,456	28,150	20,486	25,158	20,576	18,373	Mortgage originations (\$mil)	20,517	14,179	14,421	15,415	16,778
30.5	128.8	53.6	72.0	87.0	62.0	65.9	Net migration (000)	63.4	62.4	59.8	54.1	55.3
27,485	7,508	9,089	8,013	9,417	11,520	10,820	Personal bankruptcies	9,069	9,916	11,011	9,589	9,464

Economic Weaknesses

- Cyclical energy markets and prices have caused fluctuations in the local market economy
- Current low gas prices directly impacts incomes and company revenues

Real Estate Market Forecast

- Current availability rate is below 10% and falling
- Rent inflation expected to accelerate by 2013
- Manufacturing and trade support industrial space demand.

Houston, TX Industrial Market Forecast	Availability Rate (%)	CBRE EA Rent Estimate (\$/SF)	Rent Inflation (%)
2011 Q4	9.7%	\$ 5.70	1.6%
2012 Forecast	8.7%	\$ 5.86	2.8%
2013 Forecast	7.6%	\$ 6.14	4.8%

Source: CBRE Econometric Advisors

Cash Flow Roll-up

Cargo Overview

- Favorable location and economic recovery supports trade recovery
- Oil and gas supplies are a major driver of demand for industrial cargo

2011 Cargo Traffic Market Rank	2010 Total Cargo (Metric Tons)	2011 Total Cargo (Metric Tons)	% Change
Houston 15th	423,483	446,328	5.4%

Source: ACI North America

Real Estate Market Analysis

The Aeroterm buildings are all situated within the North Houston industrial submarket as delineated by CBRE.

New building activity in Houston’s industrial market continues to grow with 4.4 MSF under construction and 863 KSF of delivered construction in the first-quarter of 2012. The Greater Houston Partnership reported that construction activity in the city of Houston rose for the fourth consecutive month in February and nonresidential permits increased 100.1 percent from \$128.8 million in February ’11 to \$257.7 million in February ’12.

A factor that has been preventing a more accelerated recovery is a persistent caution to move ahead with new projects, and a continued difficulty in accessing financing for projects that developers have chosen to follow. Investor demand in Houston has never been as strong as it is now. There is new competition in Houston with more developers participating in the growth and expansion. Investors want to own in Houston, but national groups still remember unsuccessful investment deals elsewhere in the nation that are making them cautious about financing or developing. With the overall vacancy rate remaining stable and rental rates gradually showing signs of increasing, these moderate gains have much to do with demand from the energy industry and companies moving, expanding and needing more space in the Houston area.

Houston has already regained the 152,800 jobs lost during the recession and started off 2012 with more than 2.6 million payroll jobs, the highest employment level in its history. According to the Greater Houston Partnership, Houston should continue on the current path of expansion and is in-line to see the creation of 84,600 jobs in 2012.

Traffic through the Houston-Galveston Customs district is at an all-time high. The Port of Houston is growing and planning on investing \$3 billion over the next 15 years on improvements and upgrades to accommodate larger ships when the widening of the Panama Canal is completed. Demand for oil is expected to rise over the coming years and high oil prices will benefit the oil industry and in-turn will likely continue generating jobs. The U.S. oil rig count rose to a new record near its highest point in 20 years as energy companies’ increased exploration to take advantage of crude prices topping \$100 a barrel. The Eagle Ford Shale should keep Houston’s energy companies full of activity for some time to come, and the Texas State Data Center forecasts that the Houston metro area will add 600,000 new residents in the coming five years, which should boost long-term growth. Site Selection Magazine has named Houston the

Houston Market Snapshot

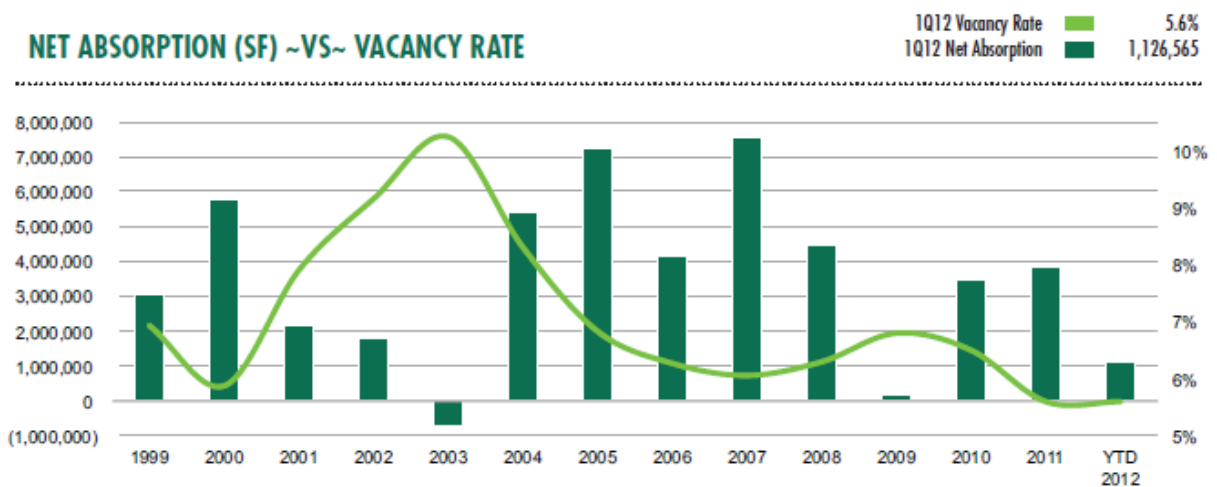
	Change from last		
	4Q11	Yr.	Qtr.
Vacancy	5.6%	↓	↔
Lease Rates psf/mth	\$0.53	↑	↑
Net Absorption*	1.1MSF	↑	↓
Under Construction	4.4MSF	↑	↑

* The arrows are trend indicators over the specified time period and do not represent a positive or negative value. (e.g., absorption could be negative, but still represent a positive trend over a specified period.)

Cash Flow Roll-up

number one metro in the nation for corporate relocations and expansions with 195 new and expanded facilities last year.

Texas' economy is a national leader and has moved from recovery into expansion mode. Texas ranks fourth nationally in terms of jobs recovered relative to those lost during the recession, and McGraw-Hill Construction compiled a list of America's Top 20 New Construction Markets that includes three Lone Star state cities: Dallas (No. 2), Houston (No. 3), and San Antonio (tied for No. 15). The Texas economy should continue to grow at about the same rate as last year, although many factors could change that activity. In Houston, oil and gas exploration is 15 times more important than the national average and, although prices are a variable, Houston's energy sector should continue to lead the city's economic growth. The proximity of Houston to the Gulf of Mexico makes it a critical trade hub while top universities continue to drive growth in medical research other health-care related fields. Houston's current success should not end any time soon.



Submarket	Building SF	Total Vacancy %	Avg. Asking Lease Rate
North Houston	63,858,193	6.0%	\$7.32
Subject	985,018	13.7%	\$6.00-\$11.00

Property Profile at George Bush International Airport

The Houston facilities include three airside complexes, two of which represent state of the art air cargo handling facilities. Contract rents are actually within area market averages even though Aeroterm controls over 60% of the on-airport air cargo facilities. The Greensmor complex is off airport and more of a conventional distribution warehouse property.

Argus #	Address	NLA per		office %	Site area	# Bldgs.	Yr. blt	Tenants	Land Lease		Occupancy
		Argus	Ramp						Expiration	Options	
21	Aero Greensmor	341,252		5-50%	30.68	15	1978 - 1982	29	Fee	N/A	83.0%
22	Aero Houston Central	307,950		5-10%	14.36	9	1973 - 1979	25	12/31/2024	None	83.0%
23	19115 Lee Road	169,010		18.00%	8.40	1	2003	12	2/28/2043	None	100.0%
24	19175 Lee Road	166,806		13.70%	8.36	1	2002	4	2/28/2043	None	84.2%

Cash Flow Roll-up

HARRISBURG, PA

The Harrisburg International Airport (MDT) is located in south-east Pennsylvania. With access to I-76, I-81 and I-83 and close proximity to I-80, the airport has fast access to the entire US East Coast, most importantly the Boston, New York City and Washington DC metropolitan areas (most within a 4 to 6 hour drive). With approximately 75% of the market share at the airport, Aeroterm is a major player with FedEx, UPS, US Airways and others as tenants.

Metro Market Profile

Economic Strengths

- Central Mid-Atlantic location enhances transportation hub
- Diversified business sectors: government, tourism, education and healthcare
- Unemployment rate of 7.0% is below national averages
- State grants supporting local college research initiatives
- Low cost of living and cost of doing business

Harrisburg, PA							Source: Moody's Analytics Precip US Metro					
2004	2005	2006	2007	2008	2009	2010	Indicators	2011	2012	2013	2014	2015
26.2	26.5	27.3	27.9	27.8	27.5	27.8	Gross metro product (C\$B)	28.0	28.5	29.4	30.1	30.9
3.6	1.4	3.1	2.1	-0.4	-1.2	1.2	<i>% change</i>	0.6	2.0	3.0	2.5	2.7
321.7	324.6	329.6	331.1	331.7	322.0	318.7	Total employment (000)	318.3	319.0	323.2	331.7	341.7
0.3	0.9	1.5	0.5	0.2	-2.9	-1.0	<i>% change</i>	-0.1	0.2	1.3	2.6	3.0
4.4	4.0	3.7	3.6	4.6	7.1	7.8	Unemployment rate	7.2	6.7	6.2	6.0	5.3
3.8	3.2	4.9	5.8	4.8	-1.7	2.8	Personal income growth	4.4	2.2	4.1	5.8	5.5
521.9	525.8	532.3	537.3	542.3	546.9	550.4	Population (000)	553.6	556.2	558.8	561.6	564.3
2,306	2,328	1,886	2,030	1,472	1,199	1,315	Single-family permits	972	1,469	2,525	2,901	3,106
92	376	144	199	392	323	297	Multifamily permits	182	274	370	334	299
130.2	142.1	147.4	150.2	152.0	142.7	142.8	Existing-home price (\$ths)	141.2	142.2	143.8	151.2	160.4
2,964	3,105	3,036	3,031	2,091	2,736	2,174	Mortgage originations (\$mil)	1,761	1,593	1,620	1,817	2,067
2.1	3.1	5.4	3.4	3.3	3.2	2.2	Net migration (000)	1.7	1.2	1.2	1.3	1.1
2,509	3,266	1,202	1,489	1,605	1,750	1,753	Personal bankruptcies	1,473	1,552	1,534	1,629	1,444

Economic Weaknesses

- Uncertainty surrounding city bankruptcy and debt load
- Layoffs from state budget problems
- Aging infrastructure

Real Estate Market Analysis

Middletown, PA, where the Harrisburg International Airport is based is part of the Central Pennsylvania industrial market surveyed by CBRE, out of Philadelphia. The greater

Philadelphia market contains over 401 million square feet, with a third of that inventory in the six county area east of Philadelphia and including Dauphin County. Regional vacancy rates are down to 11.1% but expected to remain static.

Average rents for smaller facilities (under 100,000 sq. Ft.) are \$4.41 NNN annually and trending up in Central

Harrisburg, PA Industrial Market	Availability Rate (%)	CBRE Average Asking Rent (\$/SF)	Market Size (MSF)
2012 Q1	11.1%	\$ 4.41	39.20

Cash Flow Roll-up

PA, though they lag the regional average of \$5.70.

Cargo Overview

- Relatively large cargo volume given size of market
- Continued recovery from downturn in 2007/2008, but with slowing gains in 2011

2011 Cargo Traffic Market Rank	2010 Total Cargo (Metric Tons)	2011 Total Cargo (Metric Tons)	% Change
Harrisburg 62nd	53,790	54,286	0.9%

Source: ACI North America

The airport, frequently referred to as HIA, is the primary commercial service airport in South Central Pennsylvania and ranks as the third-busiest airport in Pennsylvania for both passenger enplanements and cargo shipments behind Philadelphia International Airport and Pittsburgh International Airport.

Property Profile at Harrisburg International Airport

The Harrisburg facility, offered in this financing, is one of two on-tarmac facilities controlled by Aeroterm. Rents, at \$10.50 NNN are at the top of the market but supportable because of airside utility and barriers to entry.

Argus #	Address	NLA per Argus	Ramp	office %	Site area	# Bldgs.	Yr. blt	Tenants	Land Lease Expiration	Land Lease Options
25	Building #100 Olmstead Road	60,000		1.00%	6.18	1	1990	2	10/31/2030	None

Cash Flow Roll-up

NEW YORK – JFK

John F. Kennedy International Airport (JFK) is part of the series of airports that support the New York City metropolitan area. Just 12 miles outside of the city, the airport is the 15th busiest passenger airport in the world and the 6th busiest cargo airport in the US. As a major player in a key US market, the airport hosts a multitude of airline cargo operators. Aeroterm and Prologis are the only 3rd party operators on the airport. The Port of New Jersey New York operates 65% of the available square footage of buildings on property, with many being vacant or underutilized. Prologis operates a large facility on the property that was acquired with the merger of AMB Property Management.

Metro Market Profile

Economic Strengths

- International air transportation gateway between US, Europe and Asia
- Diversified business sectors: professional services, finance, education and healthcare
- International city for finance, fashion, trade, travel and immigration
- High per capita income
- Highly skilled professional workforce

New York, NY [Metropolitan Division]

Source: Moody's Analytics Precis US Metro

2004	2005	2006	2007	2008	2009	2010	Indicators	2011	2012	2013	2014	2015
606.7	638.9	670.0	681.5	682.2	657.3	693.7	Gross metro product (C\$B)	722.5	752.2	782.6	811.3	844.5
2.8	5.3	4.9	1.7	0.1	-3.6	5.5	<i>% change</i>	4.2	4.1	4.0	3.7	4.1
5,015.0	5,071.9	5,140.3	5,232.5	5,275.9	5,113.9	5,125.0	Total employment (000)	5,163.9	5,233.5	5,321.2	5,452.9	5,610.5
0.4	1.1	1.3	1.8	0.8	-3.1	0.2	<i>% change</i>	0.8	1.3	1.7	2.5	2.9
6.4	5.3	4.8	4.6	5.4	9.0	9.2	Unemployment rate	8.6	8.2	7.6	7.2	5.6
6.9	6.8	9.8	7.7	3.1	-6.0	5.8	Personal income growth	4.7	3.9	5.3	5.9	6.3
11,377.8	11,344.8	11,319.8	11,345.7	11,420.4	11,511.6	11,592.0	Population (000)	11,646.5	11,682.2	11,706.8	11,725.6	11,744.0
4,053	4,340	3,532	2,905	2,126	1,381	1,490	Single-family permits	1,291	1,742	3,412	4,051	4,410
30,335	37,219	36,366	38,402	37,636	8,078	8,514	Multifamily permits	11,723	22,779	36,934	36,496	36,858
431.9	503.7	518.1	537.6	493.3	434.4	450.2	Existing-home price (\$ths)	446.4	434.6	443.5	469.0	493.7
92,753	106,286	104,454	96,936	49,444	62,374	46,929	Mortgage originations (\$mil)	37,878	35,306	37,535	41,778	46,831
-185.7	-205.9	-179.2	-117.2	-10.3	9.2	1.5	Net migration (000)	-24.8	-45.1	-57.6	-64.7	-65.9
40,203	58,292	11,410	15,793	20,363	26,901	28,914	Personal bankruptcies	20,217	16,477	16,606	17,489	14,884

Economic Weaknesses

- Metro unemployment rate of 8.9% above national averages
- High cost of living and cost of doing business
- Financial reform and European market uncertainty could diminish employment and profits in the financial sector

Real Estate Market Forecast

- Limited industrial availability near the airports keeps demand steady
- Expectation for falling availability and accelerating rent growth by 2013

New York, NY Industrial Market Forecast	Availability Rate (%)	CBRE EA Rent Estimate (\$/SF)	Rent Inflation (%)
2011 Q4	12.4%	\$ 5.55	1.8%
2012 Forecast	11.7%	\$ 5.79	4.3%
2013 Forecast	10.1%	\$ 6.19	6.9%

Source: CBRE Econometric Advisors

Cash Flow Roll-up

Cargo Overview

- New York has a high US ranking in air cargo volume
- New York cargo volume marginal decline in 2011

2011 Cargo Traffic Market Rank	2010 Total Cargo (Metric Tons)	2011 Total Cargo (Metric Tons)	% Change
New York 6th	1,356,404	1,348,992	-0.5%

Source: ACI North America

John F. Kennedy International Airport (IATA: JFK) is located in the borough of Queens in New York City, about 12 miles southeast of Lower Manhattan. In 2011 it was the busiest international air passenger gateway to the United States, handling more international traffic than any other airport in North America. It is also the leading freight gateway to the country by value of shipments

Real Estate Market Analysis

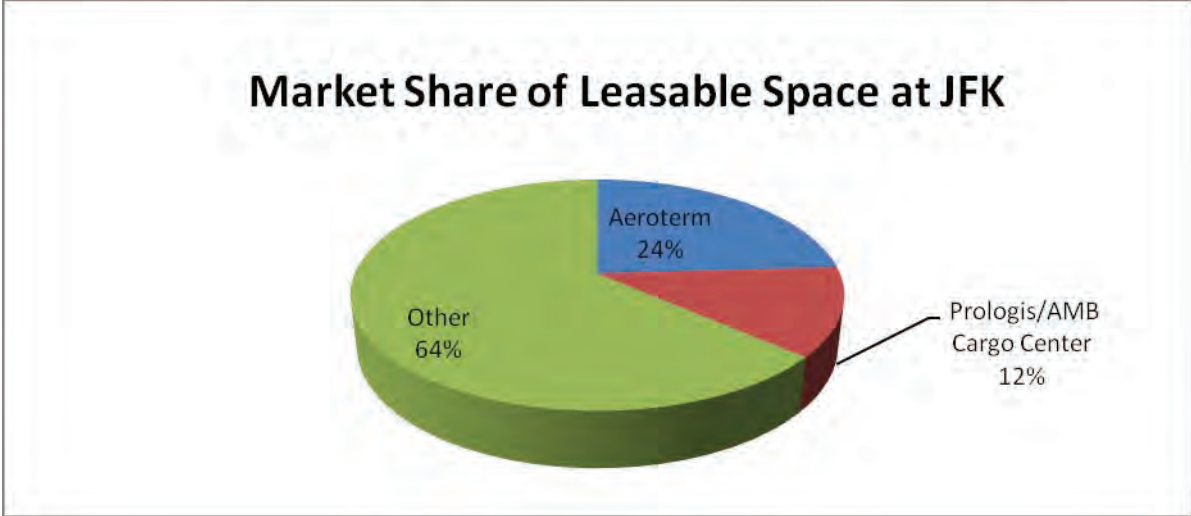
Owing to its unique geography and density of development, the New York City industrial market is highly fragmented. However, JFK competes within the greater borough of Queens, where CoStar surveys a 2,862 building inventory that totals just under 78 million square feet, whereby the average building size is under 30,000 sq. ft. As noted in the graph below, quoted rates approach \$12.00 NNN and vacancy is only 5.3%.

Property Profile at JFK

The two Aeroterm buildings are located side by side on the west edge of the tarmac with both airside and easy truck access. Totalling 436,267 sq. ft. this complex represents 24% control of on-airport cargo capacity, double AMB. The Aeroterm facilities are nearly fully leased at a premium \$24 annual NNN rental rate. The other air cargo users are listed below.

Facility Description	Building Area (SF)
Aeroterm Cargo Facility Buildings 21 & 23	436,267
AMB Cargo Center	225,000
China Airlines Cargo	81,000
DHL Global Forwarding	90,000
Japan Airlines Cargo (Hanger 14)	260,000
Korean Air Cargo	220,000
Nippon Cargo Airlines	175,000
United Airlines Cargo	98,500
	1,585,767

Cash Flow Roll-up



Cash Flow Roll-up

KANSAS CITY, MO

Kansas City International Airport (MCI) is a regional airport located on the western edge of Missouri. Situated in the center of the continental United States, MCI continues to be a logistics hub for rail and truck traffic. The air cargo operators onsite are USPS and FedEx. The airport is host to Aeroterm and AFCO facilities along with local 3rd party operator Haith Group. Aeroterm operates a facility that is smaller than the others on property but occupies prime apron access that the other facilities do not. Current market share for Aeroterm stands at approximately 16%.

Metro Market Profile

Economic Strengths

- Central US location supports well developed transportation hub and distribution strengths
- Diversified business sectors: professional services, transportation, telecom and finance
- Unemployment rate of 7.6% is below averages and rate of job growth should continue to be steady
- Major increases in manufacturing such as the \$1.1 billion investment by Ford into the Claycomo plant
- High tech employment includes a major Sprint Nextel base of operations and an investment by Google in a high-speed fiber network
- Lower than average cost of business and cost of living

Kansas City, MO							Source: Moody's Analytics Precis US Metro					
2004	2005	2006	2007	2008	2009	2010	Indicators	2011	2012	2013	2014	2015
81.0	82.7	83.7	86.1	87.3	84.5	85.8	Gross metro product (C\$B)	86.4	88.0	90.6	93.9	97.3
1.9	2.1	1.2	2.9	1.4	-3.3	1.6	% change	0.7	1.9	2.9	3.7	3.5
967.3	979.0	994.2	1,013.2	1,015.8	979.2	964.5	Total employment (000)	961.2	969.9	984.9	1,009.4	1,037.4
0.9	1.2	1.6	1.9	0.3	-3.6	-1.5	% change	-0.3	0.9	1.5	2.5	2.8
6.1	5.6	5.1	5.0	5.8	8.8	9.1	Unemployment rate	8.4	7.1	6.7	5.5	4.4
4.5	3.8	7.7	6.0	6.4	-3.7	2.8	Personal income growth	3.2	3.1	4.9	6.8	6.5
1,917.6	1,935.0	1,957.5	1,980.4	1,999.7	2,020.7	2,040.1	Population (000)	2,062.1	2,083.6	2,105.2	2,126.8	2,148.2
12,541	12,161	8,751	6,049	2,610	1,858	2,155	Single-family permits	2,396	999	2,278	4,894	6,170
2,517	3,100	4,491	2,099	2,690	1,548	559	Multifamily permits	1,478	944	1,406	2,125	2,217
148.9	155.1	154.9	152.1	142.6	139.0	139.6	Existing-home price (\$ths)	132.2	134.1	135.7	144.9	156.8
16,417	16,450	15,163	14,284	10,346	14,289	11,005	Mortgage originations (\$mil)	9,151	8,346	7,707	8,068	9,486
-1.3	0.0	5.7	5.3	-8.9	7.0	5.9	Net migration (000)	9.1	8.7	8.8	8.8	8.8
12,659	18,457	5,621	7,201	8,260	9,951	10,573	Personal bankruptcies	11,542	10,171	10,048	10,099	8,691

Economic Weaknesses

- While Sprint Nextell employment is high in Kansas City, the company has experienced major layoffs
- Modest rate of employment growth

Real Estate Market Forecast

- Moderate decline in industrial availability
- Marginal rent inflation over the next two years

Kansas City, MO Industrial Market Forecast	Availability Rate (%)	CBRE EA Rent Estimate (\$/SF)	Rent Inflation (%)
2011 Q4	10.4%	\$ 6.51	0.5%
2012 Forecast	10.1%	\$ 6.51	0.0%
2013 Forecast	9.3%	\$ 6.59	1.2%

Source: CBRE Econometric Advisors

Cash Flow Roll-up

Cargo Overview

- Moderately sized regional cargo hub
- Slight decline in cargo volume in 2011

2011 Cargo Traffic Market Rank	2010 Total Cargo (Metric Tons)	2011 Total Cargo (Metric Tons)	% Change
Kansas City 45th	87,092	85,998	-1.3%

Source: ACI North America

Real Estate Market Analysis

Kansas City's industrial market continues to gain momentum, showing signs of a recovery. The industrial sector remains steady in Kansas City; with a current vacancy rate of 8.4 percent compared to 8.5 percent in the fourth quarter of 2011. This demonstrates the stability of the market with positive trends continuing over the last four quarters.

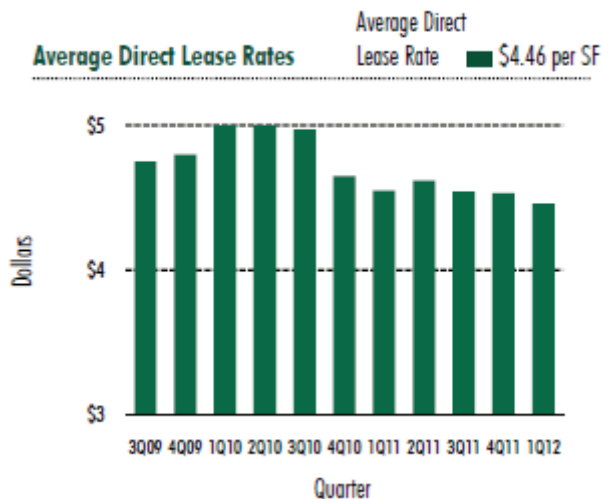
Prospect activity within the market has been trending up and should continue improving throughout the year. The top industrial transactions of the first quarter included Zumiez's lease of 153,971 sq. ft. in Edwardsville Kansas Hallmark Cards lease renewal of 245,000 sq. ft. at Carefree Industrial Park in Independence, Missouri and Versaflex's purchase of a 99,708 sq. ft. building in Kansas City, Kansas. Other notable deals included the renewal and expansion of Staples Contract & Commercial, Inc's 136,000 sq. ft. at 6600 Executive Drive, Kansas City, Missouri. Key Companies and Associates, LLC's lease of 90,895 sq. ft. in North Kansas City; and Lennox Industries lease in North Kansas City, Missouri of 45,864 sq. ft.

While vacancies and availabilities are relatively low; developers appear to be optimistic about starting construction on new projects in 2012. Some of the high profile developments in the Kansas City area continue to be the investments by the railroads. Construction continues on the BNSF Logistics Park KC located in Gardner, Kansas. The project features 1,000 acres with building sites up to 7 million plus sq. ft. of distribution designed for imported goods, via West railroad investment projects is Kansas City Southern Railway's, Center Point-KCS Intermodal Center located in Kansas City, Missouri. This 1,340 acre intermodal facility will accommodate up to 7 million sq. ft. of buildings and will serve rail traffic from the Mexican and US gulf ports. These new projects complement the fact that Kansas City is the second largest rail hub in the country.

Kansas City Market Snapshot

	Current	Change from last	
		Yr.	Qtr.
Vacancy	8.47%	↓	↓
Lease Rates	\$4.46	↓	↓
Net Absorption	275,358	↑	↓
Completions	350,000	↑	↑

*The arrows are trend indicators over the specified time period and do not represent a positive or negative value. (e.g., absorption could be negative, but still represent a positive trend over a specified period.)



Cash Flow Roll-up

Finally, the Kansas City Intermodal Business Centre located in Kansas City, Missouri, is an 800 acre park that will accommodate up to 5 million sq. ft. of building space with tenants tailored toward big box distribution Quick Stats centers, air cargo and onramp airport related logistics.

Continued success of manufacturing and shipping will likely strengthen the industrial sector bringing forth job creation and consumer spending. 2012 looks to be a much better year with prospect activity increasing and the industrial real estate market improving.

Submarket	Building SF	Total Vacancy %	Avg. Asking Lease Rate
Platte County	6,187,747	10.7%	\$6.16
Subject	48,313	27.6%	\$5.00-\$11.00

Property Profile at Kansas City International Airport

The Kansas City warehouse includes both an airside building as well as 121,970 sq. ft. of ramp on a 13.94 acre site. Contract rents are actually within area market averages with AeroTerm controlling 15% of the on-airport air cargo facilities.

Cash Flow Roll-up

LOUISVILLE, KY

Worldport is the worldwide air hub for UPS (United Parcel Service) located at the Louisville International Airport (SDF) in Louisville, Kentucky. As a third party operator, AeroTerm market share stands at 44%, though most of the airport's cargo volume is dominated by UPS controlled facilities. The local airport authority (Louisville Regional Airport Authority) recently reclaimed a facility that was operated by AFCCO, leaving just AeroTerm, the LRAA and the USPS as the operators onsite. The UPS WorldHub has over 5.2 million square feet, and will continue to be a top world logistics hub.

Metro Market Profile

Economic Strengths

- Air transportation hub for United Parcel Service
- Diversified business sectors: professional services, transportation and education
- Expanding manufacturing sector including Ford's \$1.2 billion investment and GE's commitment to appliance manufacturing
- University of Louisville continues to grow enrollment
- Lower than average cost of living and cost of business

Louisville, KY							Source: Moody's Analytics Precis US Metro					
2005	2006	2007	2008	2009	2010	2011	Indicators	2012	2013	2014	2015	2016
47.4	48.6	49.2	49.3	48.1	49.4	50.8	Gross metro product (C\$B)	52.3	53.7	55.5	57.2	58.6
2.7	2.6	1.1	0.3	-2.5	2.7	2.9	% change	2.9	2.7	3.3	3.1	2.4
606.5	616.3	625.0	621.4	595.3	592.7	599.1	Total employment (000)	616.8	627.8	643.8	661.2	673.3
1.2	1.6	1.4	-0.6	-4.2	-0.4	1.1	% change	3.0	1.8	2.5	2.7	1.8
5.9	5.7	5.3	6.4	10.3	10.3	9.6	Unemployment rate	8.4	8.0	7.3	6.6	6.0
3.7	7.6	4.5	3.7	-2.3	1.7	4.1	Personal income growth	4.4	4.5	6.6	6.1	4.9
1,219.0	1,234.0	1,249.7	1,264.3	1,275.2	1,286.1	1,296.7	Population (000)	1,309.2	1,322.4	1,335.3	1,347.1	1,357.9
6,503	4,709	4,443	2,561	2,154	2,009	1,767	Single-family permits	1,982	3,615	5,859	6,637	6,671
631	956	1,619	1,130	256	516	835	Multifamily permits	812	922	992	874	833
134.8	137.3	136.9	131.5	129.8	134.0	129.8	Existing-home price (\$ths)	129.3	130.3	135.9	142.8	147.8
7,049	6,258	6,335	5,125	7,593	6,056	5,798	Mortgage originations (\$mil)	6,693	3,735	3,487	3,783	4,217
6.4	10.3	9.6	9.1	5.8	5.8	5.6	Net migration (000)	7.7	8.6	8.4	7.6	6.8
13,440	4,531	5,813	6,919	7,951	8,028	7,371	Personal bankruptcies	5,722	5,798	6,233	5,529	5,396

Economic Weaknesses

- Below average percentage of college graduates and household income
- High level of home foreclosures

Cargo Overview

- High cargo volume, tied to UPS hub, increased 1.0% in 2011
- Cargo volume is likely to increase with market recovery

2011 Cargo Traffic Market Rank	2010 Total Cargo (Metric Tons)	2011 Total Cargo (Metric Tons)	% Change
Louisville 3rd	2,166,656	2,188,422	1.0%

Source: ACI North America

Real Estate Market Analysis

SDF lies within the Southside/Airport industrial submarket as delineated by CBRE. Growth in interest from companies seeking space in the Metro Louisville MSA is evident. Completed deals in the first

Cash Flow Roll-up

quarter were somewhat elusive but market activity continues to escalate. Many of the institutional quality bulk warehouse vacancies experienced a tremendous amount of traffic in the first quarter as potential tenants toured the vacant spaces. The limited inventory will continue to be absorbed throughout 2012 as the proposals currently being negotiated are consummated in a lease. Speculative construction is being given serious consideration from developers as the confidence returns to the market.

The overall market absorbed nearly 86,000 SF of space in the first quarter of 2012. Most of the leases comprising the absorption were smaller blocks of space but helped to fill vacancies in many of the multi-tenant properties. Some of the notable leases were: Salter Labs leased 41,706 square feet on Industry Road in the Downtown submarket; Norgren leased 40,000 square feet on Technology Drive in the Bluegrass submarket; Equipment Depot leased 37,113 square feet on Crittenden Drive in the Southside/Airport submarket; and Rx Crossroads expanded an additional 30,000 square feet on Cheri Way in the Southside/Airport submarket. In addition, several renewals were signed by larger tenants, which will secure their occupancies for the next several years.

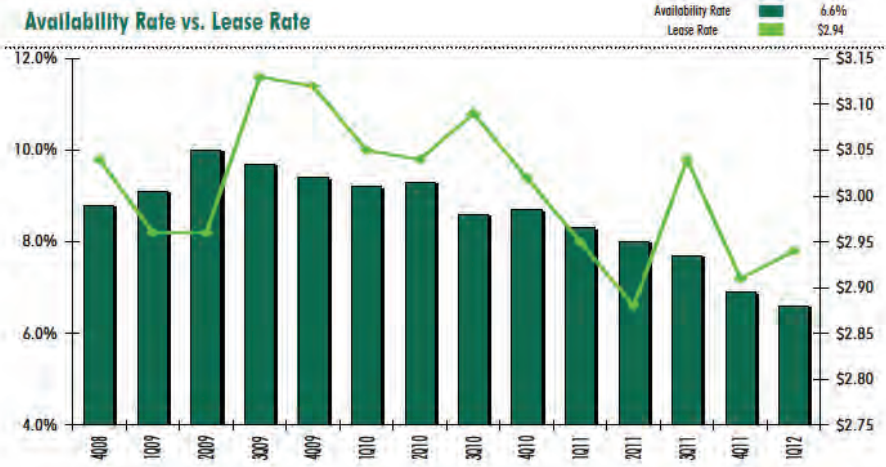
There was only one investment sale in the first quarter of 2012. Exeter Property Group acquired three of the former Prologis Airpark buildings on National Turnpike. Exeter has emerged as one of the major landlords in the Louisville market with assets totaling over 2.3 million square feet. The interesting investment real estate remains very strong in Louisville and additional transactions are expected in the near future.

Amazon.com released news in March that they will occupy a one million square foot facility in the River Ridge Commerce Center in Southern Indiana and create over 1,000 jobs by 2015. The property will be developed and leased to Amazon.com by KTR Capital Partners.

Louisville Market Snapshot

	Current	Change from last	
		Yr.	Qtr.
Vacancy	6.6%	↓	↓
Lease Rates	\$2.94	↓	↑
Net Absorption*	85,935 SF	↓	↓
Construction	1,232,600 SF	↑	↑
Shadow/Sublease	611,162 SF	↑	↓

* The arrows are trend indicators over the specified time period and do not represent a positive or negative value. (e.g., absorption could be negative, but still represent a positive trend over a specified period.)

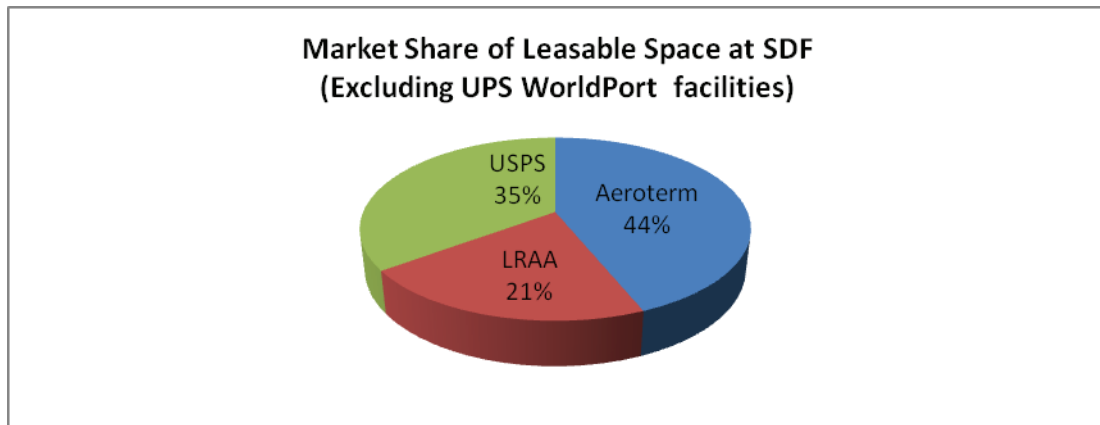
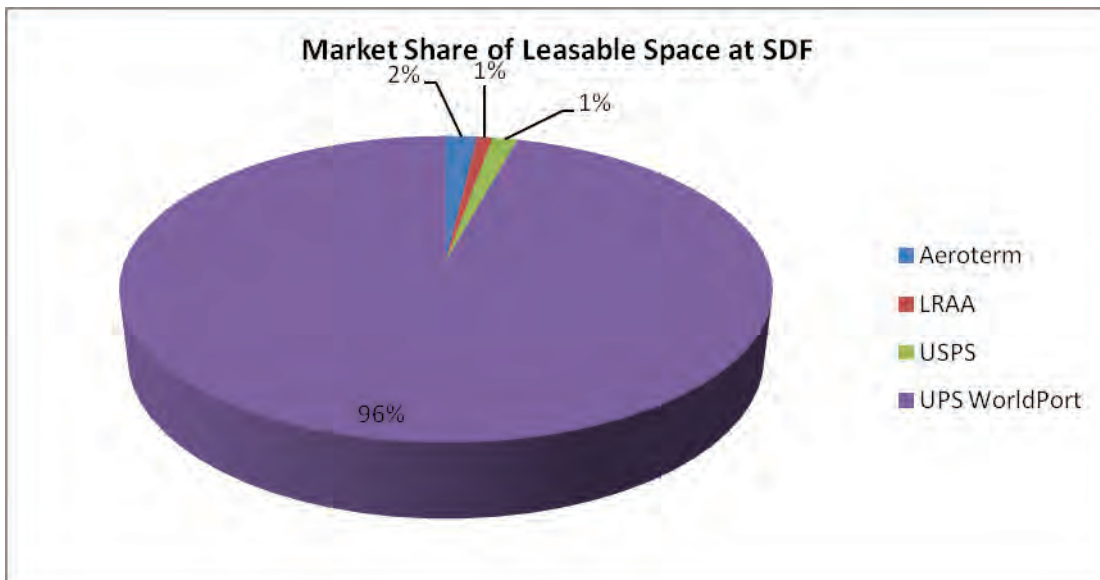


Cash Flow Roll-up

Submarket	Building SF	Total Vacancy %	Avg. Asking Lease Rate
Southside Airport	31,560,815	5.3%	\$2.78
Subject	112,302	0%	N/A – Leased Through Term

Property Profile at Louisville International Airport (SDF)

The Louisville Airport is international air-sorting hub for industry giant UPS. Further, the Aeroterm on-tarmac facility controls 67% of on-airport non-UPS capacity. It controls 100% of third party capacity. Contract rents reflect premium rates that cover a 150,000 sq. ft. ramp. FedEx occupies 100% of the building. The ratio of Aeroterm to Worldport holdings are shown below. LRAA is the Louisville Airport Authority.



Cash Flow Roll-up

MIAMI, FL

Miami International Airport (MIA), is a major air cargo and passenger hub. Serving the fast growing Latin American market, the airport is growing. The air cargo component of the airport has recently specialized in dealing with agricultural products, with US Customs and Department of Agriculture stations and specialized storage facilities. Prologis operates on the airport along with Aeroterm. Currently, Aeroterm is the dominant 3rd party operator with 28% of the current market share.

Metro Market Profile

Economic Strengths

- Air transportation gateway between US and Latin America
- Diversified business sectors: professional services, transportation, leisure/hospitality, education and healthcare
- Above average income growth
- Increasing tourism revenue over the previous year
- Well developed transportation infrastructure

Miami, FL [Metropolitan Division]							Source: Moody's Analytics Precis US Metro					
2005	2006	2007	2008	2009	2010	2011	Indicators	2012	2013	2014	2015	2016
95.3	99.0	100.9	98.5	95.1	96.4	97.8	Gross metro product (C\$B)	100.0	103.1	106.1	108.2	109.6
4.6	3.9	1.9	-2.4	-3.5	1.4	1.5	% change	2.3	3.1	2.9	2.0	1.3
1,023.4	1,045.7	1,061.7	1,043.0	984.0	980.3	1,003.9	Total employment (000)	1,019.9	1,029.2	1,044.4	1,065.6	1,083.0
2.4	2.2	1.5	-1.8	-5.7	-0.4	2.4	% change	1.6	0.9	1.5	2.0	1.6
4.6	4.1	4.1	6.3	11.3	12.5	11.3	Unemployment rate	9.5	9.1	8.1	7.3	6.7
7.6	10.1	3.5	3.9	-3.4	5.1	5.9	Personal income growth	4.2	4.5	5.7	5.6	4.8
2,385.9	2,405.9	2,415.6	2,436.1	2,463.9	2,504.8	2,521.1	Population (000)	2,532.2	2,558.3	2,591.4	2,625.8	2,662.5
9,922	6,548	3,246	1,086	624	941	958	Single-family permits	2,258	4,552	6,404	7,100	7,192
16,198	13,469	4,836	2,388	771	2,262	1,952	Multifamily permits	3,982	5,951	7,150	6,780	6,544
350.0	375.2	377.9	287.1	194.8	189.9	171.6	Existing-home price (\$ths)	167.1	167.1	181.4	194.3	201.1
35,265	38,360	27,098	10,432	5,501	4,828	6,802	Mortgage originations (\$mil)	7,598	5,129	5,193	5,584	6,133
2.7	-5.4	-17.8	-6.5	13.5	27.8	4.5	Net migration (000)	-0.8	14.2	21.2	22.5	24.9
16,579	3,643	4,882	8,210	11,765	18,277	16,852	Personal bankruptcies	12,038	11,640	11,877	10,890	10,888

Economic Weaknesses

- Higher than average cost of living and cost of doing business
- Housing prices are still weak, although international buyers are purchasing some of the surplus
- Unemployment rate moderately above the national average

Real Estate Market Forecast

- Moderately declining availability rate
- Rent growth should accelerate by 2013

Miami, FL Industrial Market Forecast	Availability Rate (%)	CBRE EA Rent Estimate (\$/SF)	Rent Inflation (%)
2011 Q4	11.6%	\$ 6.49	0.5%
2012 Forecast	10.3%	\$ 6.69	3.1%
2013 Forecast	9.1%	\$ 7.07	5.7%

Source: CBRE Econometric Advisors

Cash Flow Roll-up

Cargo Overview

- Location reinforces Miami's high ranking in overall cargo volume
- Marginal increase in volume in 2011

2011 Cargo Traffic Market Rank	2010 Total Cargo (Metric Tons)	2011 Total Cargo (Metric Tons)	% Change
Miami 4th	1,835,797	1,841,929	0.3%

Source: ACI North America

Real Estate Market Analysis

The subject property is in Miami, FL and lies within the Airport/Doral industrial submarket as delineated by CBRE.

The Miami industrial market continued to improve through first quarter 2012. This trend has been ongoing for several quarters despite relatively weak performance in the South Florida markets. Vacancy continues to decline and absorption remains strong as the demand for industrial space in Miami grows.

By the end of first quarter, Miami had a healthy 1,273,911 SF of positive absorption. This represents an approximate 261% increase in quarterly absorption from the previous quarter when absorption was positive 486,954 SF. The strongest performing submarkets were Airport/Doral, Medley, and Hialeah with 576,791 SF, 494,889 SF, and 315,081 SF of positive absorption respectively. Positive absorption in Hialeah was facilitated by sugar manufacturer, Banah International, as they occupied 301,800 SF at 213 SE 10TH Avenue. Medley saw Crowley Logistics occupy 123,448 SF of space at 10205 NW 108th Avenue, Flager Station. Lastly, the Airport/Doral submarket saw Avnet, an office equipment merchant and wholesaler, occupy 103,131 SF at 2100 NW 97th Avenue, Beacon at 97th.

Codotrans, a freight transportation arrangement company, also took occupancy of 41,990 SF at 8550 NW 17th Street in the Airport/Doral submarket. The lack of any real trend among a single industry proves to be a positive sign as multiple industries are represented in current leasing activity.

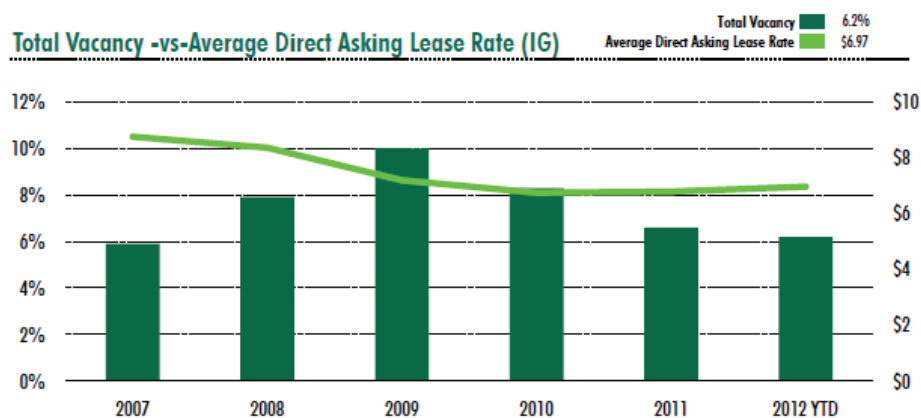
As a result of increasing demand for Miami industrial space and diminishing availability of quality large spaces, particularly contiguous space of 100,000 SF and up, developers are poised to move forward with several development projects across Miami-Dade. Most of these projects have been in the works for several quarters. Beacon Lakes Building 13, with 189,740 SF, is expected to be the first of the six known planned projects to commence vertical construction—reportedly in the second quarter. As scarcity of industrial zoned land increases, developers and institutional investors continue

Miami Market Snapshot			
	Current	Change from last	
		Yr	Qtr
Total Vacancy	6.2%	↓	↓
Avg Dir Asking Lse Rate	\$6.97	↑	↑
Qtr Net Absorption	1,274 K	↑	↑
Under Construction	0	↔	↔
Completions	0	↓	↔

*The arrows indicate a trend and do not represent a positive or negative value for the underlying statistic (e.g. Net absorption could be negative, but still represent a positive trend over the time period)

Cash Flow Roll-up

to seek control of new sites for future development in an effort to capitalize from an eventual U.S. economic recovery.



Submarket	Building SF	Total Vacancy %	Avg. Asking Lease Rate
Airport/Doral	57,155,673	6.5%	\$4.64-\$11.19
Subject	511,378	0%	N/A – Leased Through Term

Property Profile at Miami International Airport

The Miami facilities include two airside complexes that represent state of the art air cargo handling facilities. Contract rents are actually within area market averages even though Aeroterm controls over 28% of the on-airport air cargo facilities.

Address	NLA per		office %	Site area	# Bldgs.	Yr. blt	Tenants	Land Lease	Land Lease	Occupancy
	Argus	Ramp						Expiration	Options	
Miami I-6500 NW 22nd Street, Bldgs 709, 709A, 710	384,046	560,736	25.00%	41.51	1	2001	1	8/15/2026	2 @ 5 years Ea.	100%
2000 NW 62nd Ave., Bldg 711	127,332	221,323	15.00%	31.38	1	2004	1	8/15/2026	2 @ 5 years Ea.	100%

Cash Flow Roll-up

MILWAUKEE, WI

Third party air cargo at the General Mitchell International Airport (MKE) is wholly controlled by Aeroterm.

Metro Market Profile

Economic Strengths

- Mid-sized cargo port for manufacturing output
- Diversified business sectors: manufacturing, education, finance and healthcare
- Unemployment rate of 7.7% below national averages
- Below average cost of living and cost of doing business
- Above average income

Milwaukee, WI								Source: Moody's Analytics Precip US Metro				
2004	2005	2006	2007	2008	2009	2010	Indicators	2011	2012	2013	2014	2015
65.7	66.8	68.2	68.9	68.4	66.9	68.0	Gross metro product (C\$B)	69.6	72.8	75.8	78.5	80.9
2.0	1.6	2.2	1.0	-0.8	-2.1	1.6	% change	2.3	4.6	4.1	3.6	3.2
832.1	840.7	850.5	857.3	852.8	812.3	807.9	Total employment (000)	824.7	824.9	835.7	855.3	878.3
0.2	1.0	1.2	0.8	-0.5	-4.7	-0.5	% change	2.1	0.0	1.3	2.3	2.7
5.4	5.0	4.9	5.0	5.0	8.9	8.7	Unemployment rate	7.9	7.0	6.7	5.2	3.9
3.7	3.5	7.7	3.1	4.1	-2.9	2.7	Personal income growth	4.2	1.7	5.3	6.6	5.9
1,522.3	1,522.4	1,523.9	1,530.5	1,538.2	1,549.6	1,557.4	Population (000)	1,561.2	1,567.2	1,572.7	1,578.2	1,584.2
3,840	3,361	2,624	2,082	1,234	891	967	Single-family permits	942	1,183	1,983	2,937	3,614
2,062	2,083	1,666	1,184	1,210	552	974	Multifamily permits	758	339	883	1,048	1,117
195.8	212.6	219.3	220.4	209.0	192.7	206.1	Existing-home price (\$ths)	185.4	185.8	189.9	202.4	216.0
13,015	13,652	12,129	11,455	7,461	9,086	7,539	Mortgage originations (\$mil)	6,357	5,888	5,360	5,424	6,348
-10.0	-12.3	-11.4	-2.4	-1.4	2.6	-0.5	Net migration (000)	-4.1	-1.9	-2.3	-2.2	-1.6
10,043	13,476	4,133	5,775	7,659	9,892	11,391	Personal bankruptcies	10,425	10,795	10,572	10,679	9,871

Economic Weaknesses

- Restructuring of old-line manufacturing
- High level of foreclosure inventory

2011 Cargo Traffic Market Rank	2010 Total Cargo (Metric Tons)	2011 Total Cargo (Metric Tons)	% Change
Milwaukee 52nd	78,269	76,627	-2.1%

Source: ACI North America

Cargo Overview

- Mid-sized cargo hub
- Cargo volumes declined moderately in 2011

Real Estate Market Analysis

The Aeroterm Milwaukee site at the General Mitchell Airport (MKE) lies within the Southeast industrial submarket as delineated by CBRE.

The local Milwaukee industrial market has continued to be a major beneficiary of the broader economic gains made globally. The overall vacancy rate for Milwaukee's 280 million square feet of inventory during Q112 was 8.9%, a noticeable decline of 50 basis points (bps) from the prior quarter. Availability slid 40 bps to settle at 10.4%.

The average asking lease rate in the area increased to \$3.82 gross per square foot (psf), up slightly from \$3.75 gross psf as of late 2011.



Cash Flow Roll-up

Large lease activity during Q112 sustained the strong momentum built over the last four quarters. The market has moved from tenants capitalizing on below market rents to signing larger leases out of necessity due to increased demand on business. A prime example of the trend is North American Corporation's expansion into 1800 S. Sylvania Avenue in Racine's Grandview Corporate Park. The 122,730 square foot lease fills the remaining vacancy in a spec project that initially required a tenant to begin construction, and also removes the lone significant block of space in an already crowded market. The Racine County market has long been a destination location for many tenants, but the North American Corp. lease lowered the vacancy rate from 4.4% to 4.0%.

Expansion of manufacturing companies has been a positive byproduct of regional economic improvement in the Milwaukee marketplace. American Orthodontics Corporation recently completed the purchase of a 249,514 square-foot manufacturing facility in Sheboygan that had been vacant since 2010. The asset was traded for \$5,625,000 or \$22.54 psf. Sic Lazaro purchased the 138,870 square-foot Milwaukee facility in which they had previously been a tenant for \$1,700,000 or \$12.24 psf.

Submarket	Building SF	Total Vacancy %	Avg. Asking Lease Rate
Southeast Milwaukee	22,111,824	14.80%	\$3.88
Subject	131,388	17.30%	\$10.00

Property Profile at Milwaukee (General Mitchell) International Airport

The Milwaukee airside complex also has good access to I-94. Contract rents reflect Aeroterm control over 76% of the on-airport air cargo facilities, at this key FedEx regional aggregation/distribution base.

Cash Flow Roll-up

NEW ORLEANS

Third party air cargo at the Louis Armstrong New Orleans International Airport (MSY) is wholly controlled by Aeroterm.

Metro Market Profile

Economic Strengths

- Well developed port and transportation hub
- Continued slow but steady recovery from impact of hurricane Katrina
- Tourists returning to support leisure/hospitality industry
- More off-shore drilling should support oil field services based in New Orleans

New Orleans, LA							Source: Moody's Analytics Precip US Metro					
2005	2006	2007	2008	2009	2010	2011	Indicators	2012	2013	2014	2015	2016
58.5	52.8	51.9	51.1	54.1	55.2	54.9	Gross metro product (C\$B)	56.3	58.2	60.5	62.4	63.7
-4.5	-9.7	-1.7	-1.6	6.0	1.9	-0.5	% change	2.5	3.5	3.9	3.2	2.1
555.6	480.7	514.0	525.8	520.3	519.0	525.4	Total employment (000)	536.8	546.3	560.4	576.1	587.3
-9.5	-13.5	6.9	2.3	-1.0	-0.2	1.2	% change	2.2	1.8	2.6	2.8	1.9
7.7	4.4	3.5	4.3	6.5	7.4	7.4	Unemployment rate	6.6	6.9	7.5	7.0	6.3
3.9	-0.7	14.7	3.6	-5.4	3.6	3.6	Personal income growth	4.1	5.0	6.0	5.9	4.4
1,365.0	1,018.2	1,074.2	1,113.7	1,145.6	1,173.6	1,184.7	Population (000)	1,188.1	1,191.6	1,195.0	1,198.5	1,202.0
4,488	4,915	3,999	2,756	2,190	1,875	1,854	Single-family permits	2,732	4,479	5,232	5,223	5,370
293	619	3,025	2,033	642	296	434	Multifamily permits	651	864	871	937	922
159.1	172.4	160.1	160.4	159.7	160.0	152.2	Existing-home price (\$ths)	151.5	154.1	164.6	176.5	185.2
6,373	6,480	6,357	4,519	5,325	4,200	4,702	Mortgage originations (\$mil)	5,406	2,898	2,600	2,932	3,349
2.8	-351.1	-26.0	3.0	27.0	23.4	6.4	Net migration (000)	-1.2	-1.1	-0.9	-0.8	-0.7
8,792	1,090	1,858	2,266	3,017	3,390	3,096	Personal bankruptcies	2,921	3,031	3,278	2,932	2,900

Economic Weaknesses

- Local economy swings with energy cycles
- Dependence on lower income hospitality and gaming jobs

Cargo Overview

- Mid-sized cargo market
- Market declined in 2011

2011 Cargo Traffic Market Rank	2010 Total Cargo (Metric Tons)	2011 Total Cargo (Metric Tons)	% Change
New Orleans 66th	52,738	48,464	-8.1%

Source: ACI North America

Real Estate Market Analysis

The New Orleans/Metairie/Kenner Industrial market ended the first quarter 2012 with a vacancy rate of 9.4%. The vacancy rate was up over the previous quarter, with net absorption totaling negative (193,250) square feet in the first quarter. Vacant sublease space decreased in the quarter, ending the quarter at 169,485 square feet. Rental rates ended the first quarter at \$4.83, a decrease over the previous quarter. There were no properties under construction at the end of the quarter.

Net absorption for the overall New Orleans/Metairie/Kenner Industrial market was negative (193,250) square feet in the first quarter 2012. That compares to negative (72,438) square feet in the fourth quarter 2011,

Cash Flow Roll-up

positive 410,300 square feet in the third quarter 2011, and negative (16,319) square feet in the second quarter 2011.

Tenants moving into large blocks of space in 2012 include: Metro International Trade Services moving into 200,000 square feet at 600 Edwards Ave, Ryder Integrated Logistics, Inc. moving into 18,840 square feet at Riverbend Two, and Broken City Production moving into 11,192 square feet at 300 Jefferson Hwy.

The Industrial vacancy rate in the New Orleans/Metairie/Kenner market increased to 9.4% at the end of the first quarter 2012.

Property Profile at New Orleans International Airport

The New Orleans contract rents are actually within area market averages even though Aeroterm controls over 50% of the on-airport air cargo facilities, but 100% of third party cargo operations.

Submarket	Building SF	Total Vacancy %	Avg. Asking Lease Rate
New Orleans, Airport	24,705,100	9.7%	\$4.75
Subject	295,778	6.8%	\$4.50-\$8.00

Argus #	Address	NLA per		office %	Site area	# Bldgs.	Yr. blt	Tenants	Land Lease		Occupancy
		Argus	Ramp						Expiration	Options	
32	200 Crofton Road, Bldg 1	118,178		15.90%	11.69	1	1970	2	11/30/2025	None	83%
32	200 Crofton Road, Bldg 2					1	1970	1	11/30/2025	None	83%
32	200 Crofton Road, Bldg 3		44,000			1	1970	3	11/30/2025	None	83%
32	200 Crofton Road, Bldg 4					1	1970	4	11/30/2025	None	83%
32	200 Crofton Road, Bldg 4A					1	1970	1	11/30/2025	None	83%
32	200 Crofton Road, Bldg 5					1	1970	1	11/30/2025	None	83%
33	200 Crofton Road, Bldg 7	177,600		9.80%	9.15	1	1970	5	Fee	N/A	100%

Cash Flow Roll-up

NEWARK, NJ

The Newark Liberty International Airport (EWR) is owned by the city of Newark and operated by the Port Authority of New York and New Jersey. It is a hub for FedEx and United but operates in conjunction with the other New York area airports: John F. Kennedy International (JFK) and Lagaudia (LGA).

Metro Market Profile

Economic Strengths

- International air transportation gateway between US, Europe and Asia
- Diversified business sectors: professional services, finance, and transportation
- Value-added industries include pharmaceuticals, high technology and financial services
- High per-capita income
- Highly skilled professional workforce

Newark, NJ [Metropolitan Division]							Source: Moody's Analytics Precis US Metro					
2004	2005	2006	2007	2008	2009	2010	Indicators	2011	2012	2013	2014	2015
113.8	114.5	117.5	118.3	118.3	112.6	114.8	Gross metro product (C\$B)	116.8	120.7	125.0	129.0	133.0
0.8	0.6	2.7	0.6	0.0	-4.8	1.9	% change	1.8	3.3	3.5	3.3	3.1
1,031.4	1,026.1	1,032.4	1,036.1	1,029.5	982.8	966.4	Total employment (000)	967.1	982.2	993.9	1,021.6	1,053.3
-0.2	-0.5	0.6	0.4	-0.6	-4.5	-1.7	% change	0.1	1.6	1.2	2.8	3.1
5.0	4.5	4.7	4.3	5.4	8.8	9.3	Unemployment rate	9.1	9.0	8.7	7.4	6.1
5.6	3.4	8.7	5.1	2.7	-5.3	2.8	Personal income growth	3.5	3.7	4.9	6.2	6.1
2,132.0	2,130.2	2,128.3	2,128.1	2,131.8	2,140.7	2,149.1	Population (000)	2,155.8	2,162.5	2,169.0	2,175.8	2,182.3
3,968	4,379	3,855	2,741	1,927	1,371	1,494	Single-family permits	1,179	1,775	3,334	4,221	4,641
3,513	4,737	4,650	2,674	1,773	1,187	1,152	Multifamily permits	1,117	1,729	2,251	2,270	2,156
371.0	413.8	429.8	443.1	414.0	364.2	376.9	Existing-home price (\$ths)	372.3	359.5	368.0	407.8	438.3
25,444	29,694	28,391	24,634	13,308	18,040	13,890	Mortgage originations (\$mil)	11,343	9,811	9,557	10,795	12,639
-9.3	-11.6	-12.4	-12.7	-8.0	-2.1	-2.1	Net migration (000)	-3.7	-4.0	-4.4	-4.3	-4.9
8,935	11,117	3,047	4,215	5,502	7,389	8,499	Personal bankruptcies	13,212	11,070	9,860	9,672	8,612

Economic Weaknesses

- Higher than average cost of living and cost of doing business
- State budget finances remain unresolved

Real Estate Market Forecast

- Projected drop in availability over next two years
- Lower availability will lead to higher rent inflation

Newark, NJ Industrial Market Forecast	Availability Rate (%)	CBRE EA Rent Estimate (\$/SF)	Rent Inflation (%)
2011 Q4	13.4%	\$ 5.60	-1.1%
2012 Forecast	12.2%	\$ 5.77	3.0%
2013 Forecast	10.4%	\$ 6.20	7.5%

Source: CBRE Econometric Advisors

Cargo Overview

- Major international hub serving the New York market
- Cargo declined in 2011
- Newark has grown substantially with a new passenger terminal. Limited available land favors on-

2011 Cargo Traffic Market Rank	2010 Total Cargo (Metric Tons)	2011 Total Cargo (Metric Tons)	% Change
Newark 9th	855,708	813,209	-5.0%

Source: ACI North America

Cash Flow Roll-up

airport airside facilities like the subject.

Real Estate Market Analysis

The Newark Liberty Airport lies within the Southeast Newark industrial submarket as delineated by CBRE. New Jersey's industrial real estate market thrived in 2011, and if the first quarter of 2012 is at all indicative of the rest of the year to come, the market will continue to see strong activity and positive momentum.

The increased level of activity seen over the past year has continued into the first quarter of 2012. New leasing velocity rose above six million sq. ft. for the third time in the past five quarters. Prior to 1Q 2011, this volume of activity was not seen since 1Q 2007. Sales activity was also strong, driven by both investor and user demand. While investors remain very active in New Jersey, accounting for 17 purchases during 1Q 2012 alone, user purchases were up 66.9% from 1Q 2010 and up 183.1% from 1Q 2011. The New Jersey industrial market is still witnessing an elevated willingness from users to commit to new space; however, there are questions surrounding the market's ability to sustain this heightened level of activity. With availability dropping by only five basis points to 10.4% during 1Q 2012, the industrial real estate market in New Jersey may be facing another hurdle.

Market indicators remain positive, but the story on the street is one of cautious optimism. Much of the recent increased activity has been the result of a flight to quality effect brought on by the recession. The central portion of New Jersey has become a haven for tenants looking to not only strike aggressive lease deals but also upgrade their facilities at the same time. As a result, large blocks of quality available space are disappearing at an increasing rate, especially in Central New Jersey. Further measuring this effect, Central New Jersey's absorption, which amounted to 1.83 million sq. ft. in the first quarter, continues to outperform that of Northern New Jersey, which saw negative absorption of 1.08 million sq. ft. Increased tenant demand in the market has resulted in stabilized asking lease rates. 1Q 2012 was the first quarter since 2Q 2008 where the State's asking lease rate did not decline. While landlords seem overly anxious to set asking rates higher, tenant sentiment is marked by a reluctance to yield to any increases. Renewal activity tapered off in 2011, but higher asking rates set by landlords have the potential to force tenants back into a stay-in-place position.

Property Profile at Newark International Airport

The Newark facility's salient characteristics are summarized in the tables below. The two building complex controls 20% of on-airport cargo capacity and is airside with over 233,000 sq. ft. of ramp. However, Aeroterm controls 100% of third party cargo operations.

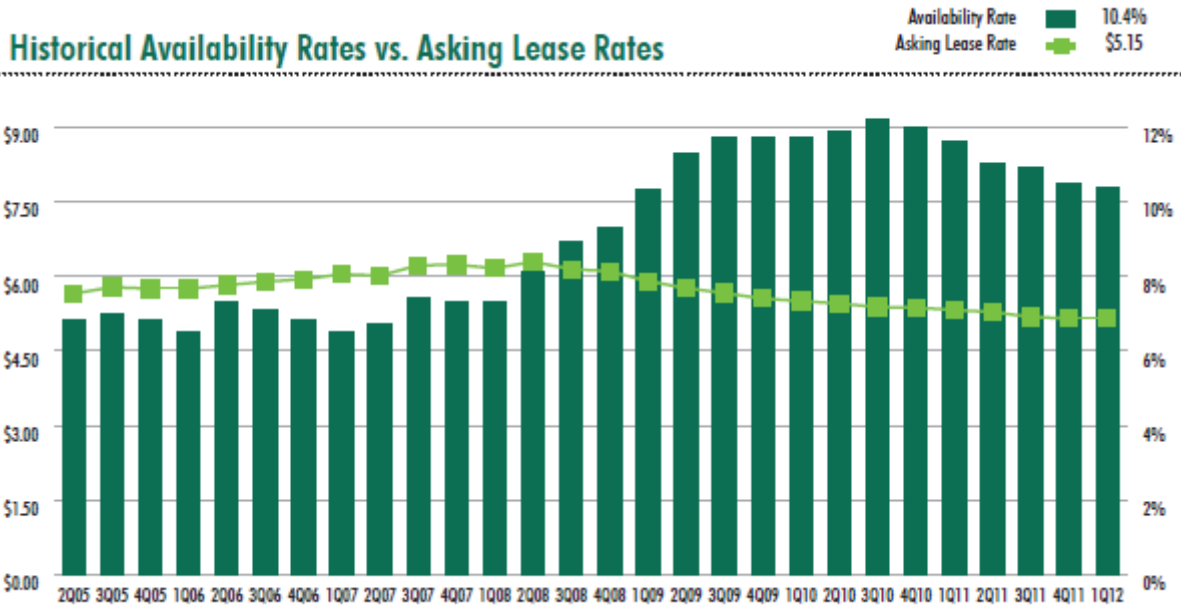
Contract rents reflect a market premium for these features at Newark. Newark Liberty is the third-largest hub for United Airlines (after Houston and Chicago-O'Hare). Newark's second largest tenant is FedEx Express, whose third largest cargo hub uses three buildings on two million square feet.

Newark Market Snapshot

	Current	Change from last	
		Yr.	Qtr.
Availability	10.4%	↓	↓
Lease Rates	\$5.15	↓	↑
Net Absorption	0.76 MSF	↓	↓
Sale Prices	\$64.29	↓	↓
Vacancy	7.1%	↓	↑
Construction Completed	1	↑	↓

Note: The arrows are trend indicators over the specified time period and do not represent a positive or negative value. (e.g., absorption could be negative, but still represent a positive trend over a specified period.)

Cash Flow Roll-up



Submarket	Building SF	Total Vacancy %	Avg. Asking Lease Rate
Newark	51,473,964	6.1%	\$5.46
Subject	266,793	19.0%	\$20.00-\$30.00

Argus #	Address	NLA per		office %	Site area	# Bldgs.	Yr. blt	Tenants	Land Lease	Land Lease	Occupancy
		Argus	Ramp						Expiration	Options	
34	339 Brewster	77,188	43,243	18.00%	22.97	1	1999	3	6/30/2021	None	81.0%
34	340 Brewster	189,605	189,778			1	1998	4	6/30/2021	None	

Cash Flow Roll-up

NORFOLK, VA

The Norfolk International Airport (ORF) serves the entire Hampton Roads metropolitan area of southeast Virginia (along with Newport News/Williamsburg International Airport in Newport News) as well as northeast North Carolina and is owned by the city of Norfolk. Aeroterm is the sole operator for all air cargo facilities at this regional hub.

Metro Market Profile

Economic Strengths

- Major East Coast sea port with extensive distribution facilities
- Primary business sector: US Military and related industries such as shipbuilding and port transportation facilities
- Unemployment rate of 7.6% is below national averages and rate of job growth should continue to be steady
- New initiatives to develop wind farms off-shore
- Impact from potential cuts in military budgets may be offset by increased port traffic from Panama Canal expansion which is slated for 2014 opening
- The cost of doing business is below the national average

Norfolk/ Virginia Beach, VA								Source: Moody's Analytics Precip US Metro					
2005	2006	2007	2008	2009	2010	2011	Indicators	2012	2013	2014	2015	2016	
74.7	76.1	77.3	77.4	76.2	77.0	78.0	Gross metro product (C\$B)	79.8	81.7	84.0	86.2	88.1	
4.2	1.8	1.7	0.1	-1.6	1.1	1.2	% change	2.3	2.4	2.8	2.6	2.2	
760.7	767.3	775.3	766.6	740.7	735.0	736.8	Total employment (000)	742.7	751.4	766.6	783.4	796.1	
1.4	0.9	1.0	-1.1	-3.4	-0.8	0.2	% change	0.8	1.2	2.0	2.2	1.6	
3.9	3.3	3.2	4.2	7.0	7.4	7.0	Unemployment rate	6.7	6.2	5.5	4.8	4.4	
5.5	7.3	5.6	4.0	-2.2	2.8	4.5	Personal income growth	2.6	4.6	6.4	6.1	5.1	
1,644.6	1,661.0	1,658.6	1,657.5	1,663.3	1,674.8	1,686.3	Population (000)	1,697.2	1,708.7	1,720.5	1,732.5	1,744.7	
7,667	5,880	4,758	3,338	2,999	3,149	2,957	Single-family permits	3,836	5,760	7,585	8,396	8,531	
3,693	1,809	1,559	1,811	2,303	817	2,422	Multifamily permits	1,457	1,555	1,504	1,315	1,213	
198.6	234.3	243.9	220.6	208.0	204.9	182.3	Existing-home price (\$ths)	181.0	187.5	202.5	213.5	218.8	
19,590	18,265	16,134	11,737	16,352	10,090	10,034	Mortgage originations (\$mil)	11,299	6,413	5,971	6,504	7,282	
-6.0	3.4	-16.3	-14.4	-5.5	0.6	1.5	Net migration (000)	0.7	1.2	1.6	1.8	1.9	
11,557	2,766	4,254	5,891	7,357	8,167	7,831	Personal bankruptcies	7,838	10,672	11,628	9,453	9,021	

Economic Weaknesses

- Military budget cuts and base redeployments could impact both direct base expenditures and private sector suppliers
- European recession is directly impacting East Coast exports

Cargo Overview

- Moderate sized commercial port on the East Coast
- Cargo shipments experienced modest recovery in 2011

2011 Cargo Traffic Market Rank	2010 Total Cargo (Metric Tons)	2011 Total Cargo (Metric Tons)	% Change
Norfolk 83rd	28,667	29,186	1.8%

Source: ACI North America

Real Estate Market Analysis

Cash Flow Roll-up

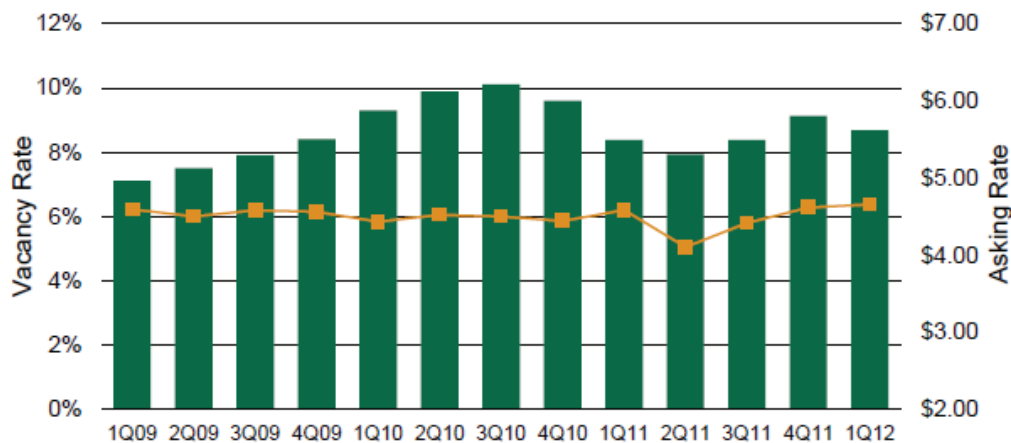
The subject property is in Norfolk, VA and lies within the Airport industrial submarket as delineated by CBRE. The Hampton Roads industrial market had 246,913 square feet of positive absorption during first quarter 2012. CBRE research tracked 6 buildings with 50,000 square feet or more of positive absorption while also tracking 5 buildings with 50,000 square feet or more of negative absorption.

The Norfolk region's industrial building market inventory, tracked by CBRE, totals approximately 89.6 million square feet. This total includes all multitenant and owner-occupied industrial facilities in the region 10,000 square feet and larger. The Norfolk region is also commonly referred to as the "Hampton Roads" area and the Virginia Beach- Norfolk-Newport News, MSA.

The overall vacancy rate in the Hampton Roads industrial market declined to 8.7% at the beginning of 2012. The Southside vacancy rate decreased during the first quarter by 50 basis points to 8.9%, while the Peninsula rate decreased 30 basis points to 8.1%. CBRE research now tracks fourteen properties with 100,000 square feet or more of vacancy including five properties with 250,000 square feet or more of vacancy.



Total Vacancy Vs. Average Direct Asking Lease Rate
 1Q Lease Rate \$4.85 NNN
 1Q Vacancy 8.7%



Submarket	Building SF	Total Vacancy %	Avg. Asking Lease Rate
Airport Industrial Park	3,497,093	10.80%	\$5.32
Subject	87,595	39.8%	\$11.00

Property Profile at Norfolk International Airport (ORF)

The two AeroTerm Norfolk buildings, constructed in 1985 and 1987 are the only air cargo facilities at the airport and enjoy access to 216,326 sq. ft. of ramp and tarmac as well. Contract rent reflects its premium location and functional utility.

Cash Flow Roll-up

OKLAHOMA CITY, OK

The Will Rogers World Airport in Oklahoma City (OKC) is a regional facility whose cargo facilities serve FedEx and UPS.

Metro Market Profile

Economic Strengths

- Diversified business sectors: While energy drives the regional economy, professional services, government, education and healthcare are all major employers
- At 4.4% the local unemployment rate is well below averages and is expected to drop further over the next four years
- The gas and oil industry is driving the local economic expansion including growth in energy company headquarters
- The cost of living and the cost of doing business are both below national averages

Oklahoma City, OK							Source: Moody's Analytics Precis US Metro					
2005	2006	2007	2008	2009	2010	2011	Indicators	2012	2013	2014	2015	2016
44.0	45.8	47.1	47.8	48.0	49.0	50.5	Gross metro product (C\$B)	52.1	53.6	55.3	57.0	58.5
1.0	3.9	3.0	1.4	0.5	2.1	2.9	% change	3.2	2.8	3.3	3.0	2.7
550.7	560.5	568.7	576.2	559.7	558.2	569.9	Total employment (000)	584.4	592.2	606.2	623.9	637.7
2.3	1.8	1.5	1.3	-2.9	-0.3	2.1	% change	2.5	1.3	2.4	2.9	2.2
4.4	4.1	4.1	3.7	6.1	6.6	5.5	Unemployment rate	5.4	5.3	5.4	5.2	4.6
7.2	11.8	3.6	11.3	-8.0	7.0	6.8	Personal income growth	6.7	5.6	7.1	7.2	6.0
1,161.3	1,182.7	1,199.7	1,216.6	1,237.8	1,257.3	1,269.0	Population (000)	1,282.0	1,296.7	1,311.0	1,325.4	1,339.5
8,201	6,975	5,491	3,742	3,119	3,032	3,087	Single-family permits	4,288	6,855	8,456	8,810	8,988
848	458	784	357	333	603	182	Multifamily permits	1,162	1,117	937	760	743
115.7	124.1	132.3	128.1	140.1	142.2	137.8	Existing-home price (\$ths)	139.6	141.1	145.2	150.5	154.8
5,510	5,759	5,407	4,805	6,574	4,850	3,440	Mortgage originations (\$mil)	3,841	2,525	2,482	2,687	2,993
9.1	14.1	7.9	8.1	12.6	10.9	3.0	Net migration (000)	4.4	6.3	5.9	6.1	6.0
14,513	2,716	3,428	4,235	5,225	5,568	4,940	Personal bankruptcies	4,854	5,333	5,899	5,273	5,194

Economic Weaknesses

- Continued downward pressure on natural gas prices
- Impact of military budget cuts on Tinker Air Force base

Real Estate Market Forecast

- Availability below national averages
- Attractive rents for prospective tenants

Oklahoma City Industrial Market	Availability Rate (%)	CBRE Average Asking Rent (\$/SF)	Market Size (MSF)
2011 Q4 - Same Size	7.2%	\$ 3.69	96.60
2011 - Q4 - Total Market	9.1%	\$ 3.71	

Cargo Overview

- Moderate sized cargo hub
- No change in 2011 volumes

2011 Cargo Traffic Market Rank	2010 Total Cargo (Metric Tons)	2011 Total Cargo (Metric Tons)	% Change
Oklahoma City 80th	31,090	31,090	0.0%

Source: ACI North America

Cash Flow Roll-up

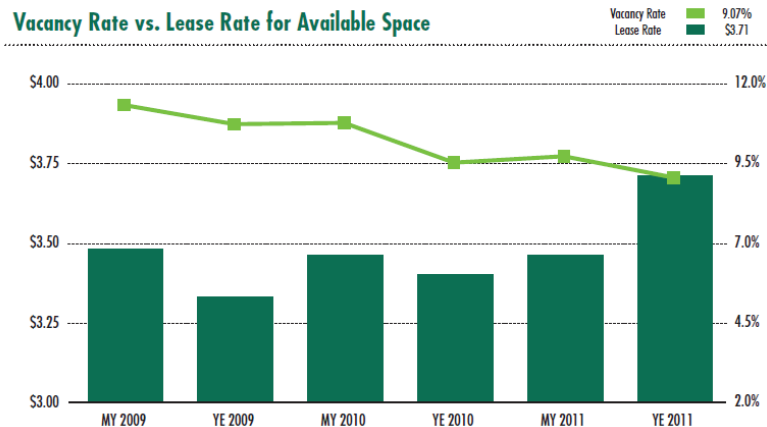
Real Estate Market Analysis

Despite the uncertainty in the national industrial market, conditions for the Oklahoma City industrial market have been continuing on an upward trend. Using the local oil and gas market as a main source of economic prosperity, absorption was able to turn in a positive direction in four of the five monitored building size categories. This, paired with vacancy figures reaching the lowest in two years, gives a positive outlook on our city’s industrial market.

Contrary to the first half of 2011 which showed a negative absorption of 165,737 square feet, the overall market absorption increased 823,951 square feet in the second half of 2011. An increase in leasing has caused vacancy rates to drop from 9.75% to 9.07%. It should also be noted that this is the third consecutive MarketView reporting less than 10% vacancy, a trend that hasn’t been seen since 2008.

Typically the bulk of the space absorption occurred in the high range increments, with more than 450,000 square feet of positive absorption for industrial spaces ranging from sizes 100,000 square feet and up. Two of the notable transactions were (1) Centek Limited leased 76,677 square feet at 5500 Southwest 36th Street and (2) CASS leased 72,796 square feet at 311 Northwest 122nd, Suite 100.

On the flipside, negative absorption could be found in the mid ranges from 40,000 square feet to 59,000 square feet. During the time period, a negative absorption of 172,913 square feet was realized. This can be attributed to the mid-sized industrial buildings located in the “Core to Shore” redevelopment area as well as tenants upsizing, downsizing or closing business altogether.



Will Rogers Airport (OKC) Property Profile

The airside Oklahoma City warehouse is 50,922 sq. ft. and was built in 1989. It has enjoyed full occupancy with FedEx and UPS. Its tarmac location is contiguous to a 484,555 sq. ft. ramp. Aeroterm has 100% control of on-airport land and is poised to take advantage of any expansion by the airport. With contract rents between \$3.00 and \$7.00NNN, the building appropriately commands rent at the upper end of the range for the market.

Cash Flow Roll-up

ORLANDO, FL

The Orlando International Airport (MCO) is the second busiest airport in Florida, after Miami International Airport. It is the 13th busiest airport in the United States and the 29th busiest airport in the world by passenger traffic volume. MCO is also a foreign trade zone. The airport has significant freight forwarding capacity where Aeroterm owns 28% of the air cargo facility and is the dominate third party operator with 40% of the available inventory.

Metro Market Profile

Economic Strengths

- International travelers have helped drive hotel occupancies to pre-recession levels
- Theme park expansion is underway at both Disney World and Universal Studios
- Primary business sectors: leisure/hospitality, professional services and retail
- At 8.6% the local unemployment rate is above the national average
- Clean energy is a growing industry in the region
- The cost of doing business is below the national average

Orlando, FL							Source: Moody's Analytics Precip US Metro					
2005	2006	2007	2008	2009	2010	2011	Indicators	2012	2013	2014	2015	2016
89.7	94.2	97.6	96.2	92.7	94.5	97.1	Gross metro product (C\$B)	100.1	103.8	107.7	111.3	114.4
7.7	5.1	3.5	-1.4	-3.7	2.0	2.7	% change	3.1	3.7	3.8	3.3	2.8
1,019.7	1,063.9	1,090.6	1,072.4	1,005.6	1,000.9	1,011.8	Total employment (000)	1,029.6	1,049.9	1,078.0	1,114.0	1,149.1
5.7	4.3	2.5	-1.7	-6.2	-0.5	1.1	% change	1.8	2.0	2.7	3.3	3.1
3.5	3.1	3.7	5.8	10.2	11.4	10.3	Unemployment rate	9.0	9.1	8.7	8.1	7.7
10.2	9.3	5.0	2.5	-4.9	3.4	4.2	Personal income growth	4.0	5.0	6.6	6.7	6.2
1,955.8	2,020.1	2,057.9	2,087.5	2,111.9	2,140.3	2,172.6	Population (000)	2,211.9	2,263.4	2,322.6	2,386.0	2,453.3
26,753	23,646	11,805	5,280	3,707	4,221	4,568	Single-family permits	6,064	12,029	17,231	19,303	19,270
9,384	7,338	6,833	4,953	780	1,033	1,897	Multifamily permits	4,151	6,641	7,468	7,774	8,051
237.1	269.0	259.9	211.2	150.4	134.6	124.1	Existing-home price (\$ths)	120.8	125.8	146.1	165.7	178.0
31,823	32,047	22,596	9,522	7,571	5,651	5,263	Mortgage originations (\$mil)	5,894	4,135	4,263	4,601	5,050
65.8	50.3	21.8	14.7	10.1	15.3	20.4	Net migration (000)	27.1	39.1	46.7	50.7	54.5
12,472	2,412	4,375	7,993	13,249	15,823	13,187	Personal bankruptcies	13,495	13,334	13,813	13,212	13,420

Economic Weaknesses

- Excess housing inventory
- Tourism is tied to global economy
- Need for more diversified economic base

Orlando, FL	Availability	CBRE EA Rent	Rent
Industrial Market	Rate	Estimate (\$/SF)	Inflation
Forecast	(%)		(%)
2011 Q4	15.8%	\$ 4.26	0.0%
2012 Forecast	15.7%	\$ 4.42	3.8%
2013 Forecast	15.2%	\$ 4.57	3.4%

Source: CBRE Econometric Advisors

Real Estate Market Forecast

- Modest drop in availability is forecast
- Rent increases forecast to rise at moderate rate

Cargo Overview

- Secondary regional hub when compared to Miami
- Modest gain in total cargo

2011 Cargo Traffic	2010 Total Cargo	2011 Total Cargo	%
Market Rank	(Metric Tons)	(Metric Tons)	Change
Orlando 32nd	135,895	146,476	7.8%

Source: ACI North America

Cash Flow Roll-up

shipments in 2011

Real Estate Market Analysis

The airport lies within the Southeast Orange County industrial submarket as delineated by CBRE. The Orlando industrial market witnessed a second straight quarter of positive net absorption based on an increase in leasing activity. Led by increased activity in the Northwest and Southeast Orange County submarkets, net absorption in the 1st quarter was 686,458 SF. Asking lease rates remain fairly stable, but if the market continues with positive absorption, it is anticipated that landlords will consider raising lease rates. Both positive absorption and the lack of new construction aided vacant space absorption in 2011. New construction remains stalled while developers monitor the economic recovery.

In the industrial market there is a diminishing supply of available Class A space for users over 100,000 SF.



Submarket	Building SF	Total Vacancy %	Avg. Asking Lease Rate
South East Orange County	34,130,570	17.8%	\$4.90
Subject	199,945	34.8%	\$6.50-\$10.00

Orlando International Airport Property Profile

Argus #	Address	NLA per		office %	Site area	# Bldgs.	Yr. blt	Tenants	Land Lease	Land Lease
		Argus	Ramp						Expiration	Options
37	8963 - 8975 Tradeport Drive, Bldg 1	105,360		15.00%	9.10	1	1990	3	8/27/2032	None
37	9043 - 9057 Tradeport Drive, Bldg 2					1	1992	1	8/27/2032	None
37	90931 - 9039 Tradeport Drive, Bldg 3					1	1994	2	8/27/2032	None
38	9555 - 9597 Benford Road	94,585		20.00%	9.09	1	1985	3	9/20/2036	2 @ 5 years Ea.
38	9441 - 9463 Benford Road					1	1990	4	9/20/2036	2 @ 5 years Ea.

The airside Aeroterm Orlando complex has nearly 200,000 sq. ft. of space out of a total of 719,158. Of that space, 302,213 sq. ft. is other third party with AFCO-Prologis controlling 49,102 sq. ft. Aeroterm has control of on-airport land and is poised to take advantage of any expansion by the airport. The buildings appropriately command rent at the upper end of the range for the market.

Cash Flow Roll-up

PENSACOLA, FL

The Pensacola International Airport (PNS) is a smaller regional facility with limited air cargo capacity, all of which is controlled by Aeroterm.

Metro Market Profile

Economic Strengths

- Low cost of doing business and moderate cost of living
- Primary usiness sectors: US military, civilian government, education and healthcare
- Unemployment rate is marginally above the US average
- Redevelopment of port to support off-shore drilling is underway
- Positive net immigrations restarted in 2011

Economic Weaknesses

- Below average income
- Economic vitality subject to swings in military budgets
- Still working through overbuilt housing inventory

Cargo Overview

- Secondary cargo market
- Experienced a major increase in cargo in 2011

2011 Cargo Traffic Market Rank	2010 Total Cargo (Metric Tons)	2011 Total Cargo (Metric Tons)	% Change
Pensacola 131st	277	1,321	376.9%

Source: ACI North America

The Pensacola International Airport converted from regional status in 2011. Southwest will convert Airtran's operations to Southwest and add more flights out of the airport. UPS is the major cargo carrier.

Pensacola International Airport Property Profile

The small airside Pensacola warehouse is only 10,570 sq. ft. with current occupancy at 60% although its tarmac location is contiguous to the ramp. The building appropriately commands rent at the upper end of the range for the greater Gulf Coast –Panhandle market, notwithstanding limited freight forwarding activities here.

Cash Flow Roll-up

PHILADELPHIA, PA

The Philadelphia International Airport (PHL) provides a critical northeast reliever base for FedEx and UPS. The airport is the third largest hub and the primary international hub of US Airways and has service to destinations in the United States, Canada, the Caribbean, Latin America, Europe and the Middle East.

Metro Market Profile

Economic Strengths

- Major air cargo hub in the Mid-Atlantic region
- Diversified business sectors: professional services, finance, pharmaceuticals, education and healthcare
- Unemployment rate is marginally above the US average
- Housing market is relatively stable from a supply demand perspective
- Major East Coast seaport

Philadelphia, PA [Metropolitan Division]							Source: Moody's Analytics Precip US Metro					
2004	2005	2006	2007	2008	2009	2010	Indicators	2011	2012	2013	2014	2015
169.4	170.9	173.8	178.1	178.8	176.7	181.4	Gross metro product (C\$B)	185.0	188.8	193.0	197.9	203.2
1.0	0.9	1.7	2.5	0.4	-1.2	2.7	% change	2.0	2.1	2.2	2.5	2.7
1,869.5	1,890.0	1,905.9	1,919.1	1,922.4	1,862.9	1,862.0	Total employment (000)	1,866.6	1,879.2	1,904.6	1,953.0	2,013.6
0.0	1.1	0.8	0.7	0.2	-3.1	0.0	% change	0.2	0.7	1.3	2.5	3.1
5.3	4.9	4.5	4.3	5.3	7.9	8.7	Unemployment rate	8.2	7.8	7.1	6.1	5.3
5.0	4.0	8.1	5.0	5.3	-3.1	2.7	Personal income growth	3.1	2.6	4.7	6.1	5.9
3,897.5	3,909.2	3,922.7	3,940.9	3,960.0	3,989.2	4,016.5	Population (000)	4,032.1	4,047.8	4,059.9	4,071.9	4,082.6
8,348	8,236	6,819	5,479	4,522	2,701	2,963	Single-family permits	2,468	4,350	8,714	10,421	11,263
4,335	3,959	2,854	2,817	1,773	956	1,031	Multifamily permits	856	1,337	2,143	2,176	1,929
177.7	206.1	224.4	232.6	228.6	218.8	227.3	Existing-home price (\$ths)	216.7	215.8	222.5	239.5	254.3
30,442	34,446	31,854	30,321	19,414	25,166	19,943	Mortgage originations (\$mil)	16,172	14,630	14,813	16,509	18,710
-8.2	-9.5	-10.2	-8.1	-6.0	15.1	13.6	Net migration (000)	1.8	1.7	-2.0	-2.3	-3.6
17,104	19,522	5,772	6,686	7,332	8,054	9,741	Personal bankruptcies	7,684	8,249	8,154	8,612	7,204

Economic Weaknesses

- Local governments are facing budget shortfalls
- ConocoPhillips refinery closure (Delta negotiating purchase to refine jet fuel) and uncertainty around the future of Sunoco's refinery could put pressure on regional gas prices
- Aging infrastructure

Real Estate Market Forecast

- Projected improvement in availability over next two years
- Marginal rent growth expected to accelerate in 2012

Philadelphia, PA Industrial Market Forecast	Availability Rate (%)	CBRE EA Rent Estimate (\$/SF)	Rent Inflation (%)
2011 Q4	14.6%	\$ 5.78	0.2%
2012 Forecast	13.5%	\$ 5.80	0.4%
2013 Forecast	11.8%	\$ 6.11	5.4%

Source: CBRE Econometric Advisors

Cargo Overview

- 3rd largest cargo hub in the Northeast
- Marginal drop in cargo over

2011 Cargo Traffic Market Rank	2010 Total Cargo (Metric Tons)	2011 Total Cargo (Metric Tons)	% Change
Philadelphia 16th	419,702	415,205	-1.1%

Source: ACI North America

Cash Flow Roll-up

the past year

Real Estate Market Analysis

Philadelphia and the surrounding suburban counties have been hit particularly hard by the recent recession but are showing signs of improvement. Unlike other markets in the Greater Philadelphia region, developers will remain on the sidelines until they see an increase in asking rates. Southern Wine & Spirits and Johnson Matthey both signed large deals during the first quarter. Additionally, there was a noticeable increase in demand for lab space. Charles River Laboratories signed for 29K SF in King of Prussia, PA and there are a number of other tenants circulating the market for lab space.

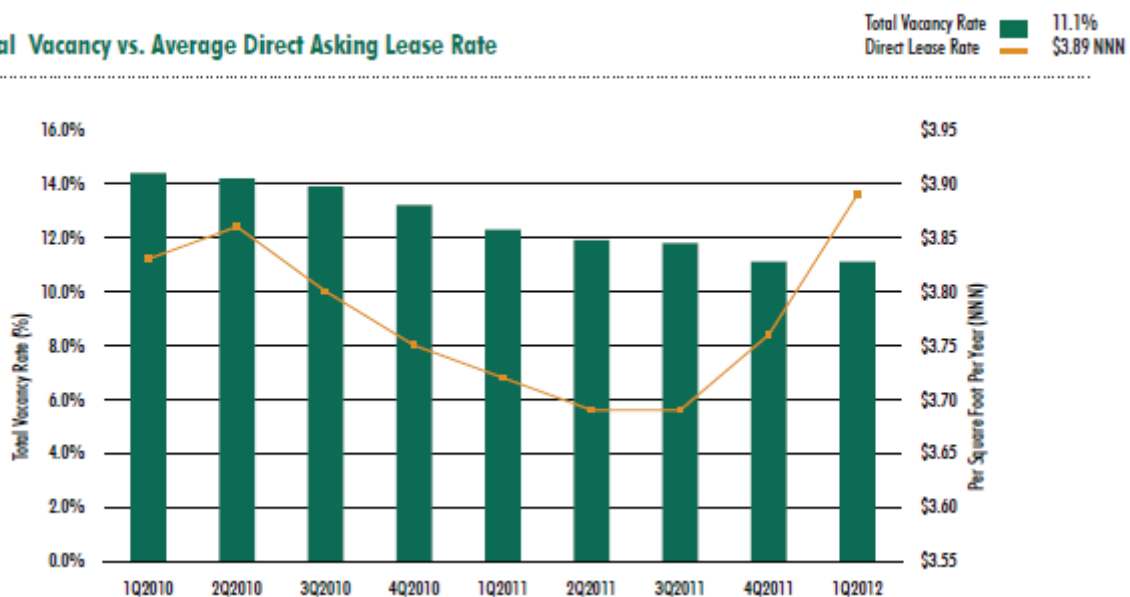
Recovery from the auto factory closings in New Castle County, DE continued in the first quarter of 2012. The submarket experienced over 90K SF of positive total net absorption as activity increased. Burris Logistics and Canusa Hershman Recycling Company both signed deals in the 100K SF range. While deal size generally stays in the 20K-40K SF size, these larger deals are affecting the already constrained market of large contiguous blocks in the region. The lack of large available blocks is also plaguing Southern New Jersey. Despite limited inventories of large blocks, activity is still strong. Southern New Jersey experienced nearly 350K SF of positive total net absorption during the first quarter. Developers are beginning to discuss speculative construction that could begin before the end of the year to supply the market with much needed large, quality blocks of space.

Philadelphia Market Snapshot

	Current	Change from last	
		Yr.	Qtr.
Total Vacancy Rates	11.1%	↓	↔
Direct Lease Rates	\$3.89 NNN	↑	↑
Total Net Absorption*	0.16M SF	↓	↓
Construction	4.75M SF	↑	↓

*The arrows are trend indicators over the specified time period and do not represent a positive or negative value. (e.g., absorption could be negative, but still represent a positive trend over a specified period.)

Total Vacancy vs. Average Direct Asking Lease Rate



Cash Flow Roll-up

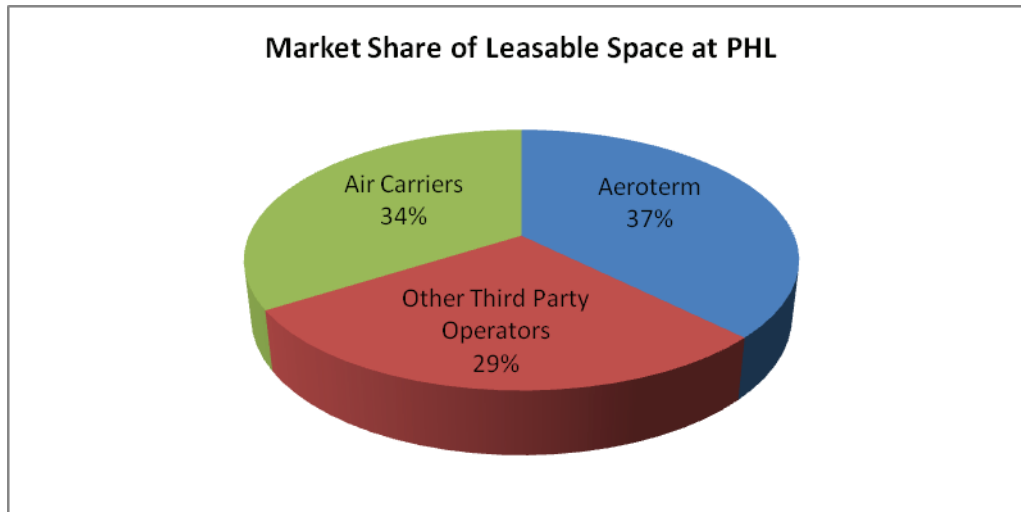
Philadelphia International Airport Property Profile

The airside Philadelphia complex enjoys high by credit tenants where Aeroterm controls 42% of this land constrained airport. Its tarmac location is contiguous to 238,500 sq. ft. of ramp. The buildings appropriately command rent at the upper end of the range for the market.

Argus #	Address	Argus NRA	Ramp	office %	Site area	# Bldgs.	Yr. blt	Tenants	Land Lease Expiration	Land Lease Options
40	Cargo Bldg C-7 North Service Road	93,930	118,500	1.00%	8.54	1	1985	3	7/31/2025	None
41	3600 Grays Ferry Ave	113,011		9.00%	8.83	1	2001	1	Fee	N/A
42	Cargo Bldg C-8 North Service Road	74,460	120,000	1.00%	8.14	1	1989	3	1/31/2031	None

Submarket	Building SF	Total Vacancy %	Avg. Asking Lease Rate
Philadelphia	30,066,630	9.4%	\$4.02
Subject	281,401	5.5%	\$8.00-\$18.00

The pie chart below shows that Aeroterm dominates the third party market at Philadelphia. We show non-Aeroterm third party space is divided between Prologis and local carriers. Aeroterm has a 57% control of third party space.



Cash Flow Roll-up

PORTLAND, OR

The Portland International Airport (PDX), while just the 6th largest US air cargo hub on the West Coast, provides a foothold for Asian trade. Aeroterm is second to Prologis for third party air cargo space.

Metro Market Profile

Economic Strengths

- Diversified business sectors: professional services, high technology, finance, education and healthcare
- Unemployment rate is marginally above the US average
- Hydropower drives historically low electric rates
- Highly skilled workforce serves knowledge industries including the new \$3 billion Intel R&D facility
- Lower than average cost of business

Portland, OR							Source: Moody's Analytics Precis US Metro					
2005	2006	2007	2008	2009	2010	2011	Indicators	2012	2013	2014	2015	2016
92.9	103.7	108.2	115.2	110.2	114.5	117.9	Gross metro product (C\$B)	121.7	124.8	128.7	133.2	137.3
3.7	11.6	4.3	6.6	-4.4	3.9	3.0	% change	3.2	2.6	3.1	3.5	3.0
983.4	1,015.7	1,034.9	1,034.6	973.7	968.6	985.9	Total employment (000)	999.1	1,012.3	1,037.2	1,069.2	1,094.4
3.1	3.3	1.9	0.0	-5.9	-0.5	1.8	% change	1.3	1.3	2.5	3.1	2.4
5.9	5.0	4.8	5.9	10.8	10.6	9.1	Unemployment rate	7.7	7.9	7.2	6.4	5.8
5.4	8.1	5.6	5.4	-4.5	3.2	5.8	Personal income growth	2.9	6.0	7.7	7.4	6.2
2,067.3	2,103.2	2,137.8	2,172.9	2,206.7	2,232.9	2,262.6	Population (000)	2,302.6	2,343.8	2,386.1	2,429.0	2,472.1
12,789	10,210	8,410	4,285	3,011	3,359	3,150	Single-family permits	4,257	6,013	11,668	13,362	13,055
4,462	5,166	4,705	3,123	1,009	1,117	2,029	Multifamily permits	3,124	3,707	4,260	3,898	3,591
242.0	280.0	294.5	278.9	244.6	237.0	218.8	Existing-home price (\$ths)	218.5	227.2	248.3	269.0	279.7
27,364	25,875	24,750	16,520	23,361	17,670	14,366	Mortgage originations (\$mil)	15,386	9,052	9,034	10,554	12,184
16.8	23.3	19.7	20.1	19.0	12.1	16.2	Net migration (000)	26.3	27.5	28.7	29.4	29.6
18,245	4,273	5,431	7,562	10,985	12,080	10,736	Personal bankruptcies	11,222	13,627	13,502	11,094	10,541

Economic Weaknesses

- Higher than average cost of living
- Unsold housing inventories are still high
- State and local revenue problems

Real Estate Market Forecast

- Availability projected to fall into single digits
- Moderate rent growth is forecast over next two years

Portland, OR Industrial Market Forecast	Availability Rate (%)	CBRE EA Rent Estimate (\$/SF)	Rent Inflation (%)
2011 Q4	10.6%	\$ 5.94	-1.2%
2012 Forecast	9.5%	\$ 5.98	0.7%
2013 Forecast	8.6%	\$ 6.10	2.0%

Source: CBRE Econometric Advisors

Cargo Overview

- 6th largest air cargo port on West Coast following airports in Los Angeles, Seattle and San Francisco

2011 Cargo Traffic Market Rank	2010 Total Cargo (Metric Tons)	2011 Total Cargo (Metric Tons)	% Change
Portland, OR 29th	190,117	194,513	2.3%

Source: ACI North America

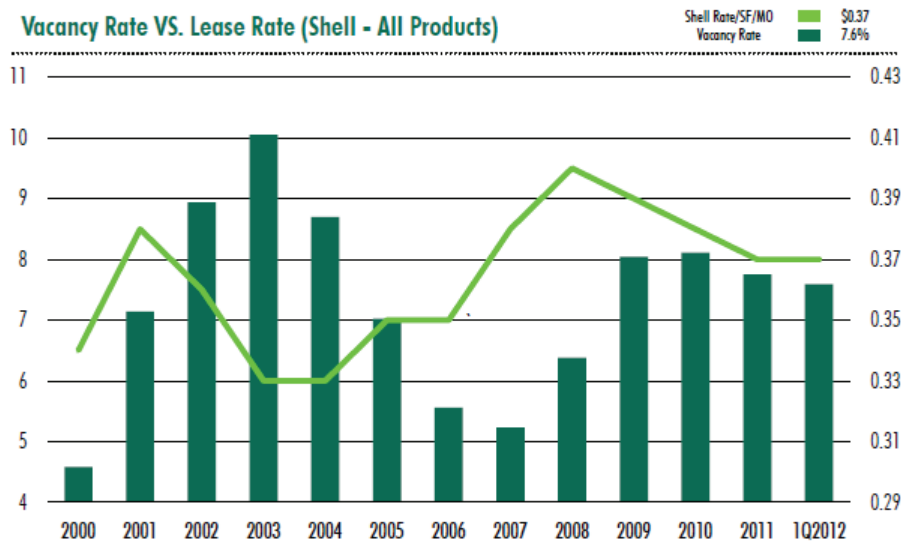
- Marginal increase in tonnage over 2010

Cash Flow Roll-up

Real Estate Market Analysis

A varied selection of industrial property is available throughout the Portland metro area. CBRE tracks all existing, owner-user, single and multi-tenant industrial buildings with 10,000 square feet or more of gross leasable area. The region currently offers more than 193.3 million square feet of industrial inventory.

CBRE found that broker sentiment suggests a gradual upswing in market activity. Market activity as measured in net absorption appears reasonably healthy. Portland ended the first quarter with 535,117 SF of positive net absorption. Although that is just half the volume of the fourth quarter, it is well above where it had been through the first three quarters of 2011. Overall vacancy continued its downward trend into 2012 to 7.59% from 7.75% and average asking shell rates held steady at \$0.37 per square foot NNN (\$4.44 annually). Portland's industrial market is continuing to show modest improvement.



Submarket	Building SF	Total Vacancy %	Avg. Asking Lease Rate
Northwest	30,066,630	9.4%	\$4.02
Subject	125,253	8.23%	\$2.50-\$7.00

Argus #	Address	NLA per			# Bldgs.	Yr. blt	Tenants	Land Lease		Options
		Argus	office %	Site area				Expiration	Land Lease	
43	5330 NE Courier Court	91,272	5.00%	5.78	1	2001	2	12/31/2029		
44	5337 NE Courier Court (II)	33,981	5.00%	3.12	1	1997	2	3/31/2027		None

Portland International Airport Property Profile

The two airside Portland warehouses represent 19% of air cargo capacity at PDX but 33% of third party space. Prologis is the main competitor with 255,000 sq. ft. thus enjoying the dominant air cargo position at PDX. The Aeroterm tarmac locations are contiguous to 350,000 sq. ft. of ramp. The Aeroterm buildings appropriately rent at the upper end of the range for the market in line with Prologis rents.

Cash Flow Roll-up

PORTLAND, ME

Portland International Jetport (PWM) in Maine is a small regional facility that forwards FedEx air cargo to smaller New England airports out of a 19,200 sq. ft. building.

Metro Market Profile

Economic Strengths

- Major ship building operations at Bath Iron Works remain well funded with US Navy contracts
- Diversified business sectors: manufacturing, finance and healthcare
- At 6.8%, the local unemployment rate is well below the national average
- Several colleges in the greater Portland area
- Major tourist hub for visitors to the coast of Maine

Portland, ME							Source: Moody's Analytics Precis US Metro						
2004	2005	2006	2007	2008	2009	2010	Indicators	2011	2012	2013	2014	2015	
20.7	20.5	20.9	21.1	21.0	20.8	21.2	Gross metro product (C\$B)	21.4	21.8	22.4	22.9	23.5	
4.7	-0.7	2.0	0.9	-0.6	-1.0	1.8	% change	1.1	2.1	2.4	2.3	2.7	
263.2	262.9	264.6	267.4	268.2	259.1	258.7	Total employment (000)	259.5	259.5	260.8	265.7	272.7	
1.4	-0.1	0.7	1.1	0.3	-3.4	-0.1	% change	0.3	0.0	0.5	1.9	2.7	
3.6	3.9	3.7	3.7	4.5	7.1	6.8	Unemployment rate	6.3	5.6	5.3	4.9	4.1	
7.0	1.8	6.9	4.4	4.6	-2.2	1.9	Personal income growth	3.8	2.9	4.1	6.1	6.3	
508.4	510.3	510.6	512.3	514.2	514.7	513.8	Population (000)	516.7	520.3	523.9	527.0	530.0	
3,304	3,188	2,750	2,124	1,114	1,123	1,225	Single-family permits	866	949	1,853	2,593	3,179	
387	592	452	548	145	84	35	Multifamily permits	132	160	210	221	218	
224.7	244.4	243.8	241.7	228.2	202.4	216.7	Existing-home price (\$ths)	214.0	217.8	228.9	250.6	262.8	
5,801	6,078	5,042	4,419	2,797	3,865	2,923	Mortgage originations (\$mil)	2,350	1,888	1,715	1,895	2,234	
2.6	1.4	-0.5	0.5	1.0	-0.2	-1.5	Net migration (000)	2.3	3.1	3.1	2.7	2.5	
1,391	2,015	493	852	1,100	1,426	1,542	Personal bankruptcies	1,517	1,592	1,568	1,622	1,526	

Economic Weaknesses

- State fiscal troubles may limit spending Medicaid coverage and impact the local population
- High concentration of retirees on fixed incomes
- Defense cuts could hit the local shipbuilding leg of the economy

Cargo Overview

- Secondary market – would rank about 116th in size if ranked by ACI
- Marginal increase in cargo in 2011

2011 Cargo Traffic Market Rank	2010 Total Cargo (Metric Tons)	2011 Total Cargo (Metric Tons)	% Change
Portland, ME	8,486	8,618	1.6%

Source: ACI North America

Real Estate Market and Property Analysis

The Dunham Group, an NAI affiliated commercial brokerage based in Portland, ME regularly surveys the local industrial market, estimated to include just over 15 million square feet in 473 buildings (averaging 32,000 sq. ft.). Overall vacancy reported at the end of 1st Quarter 2012 was 7.86%. Average lease rates hovered around \$5.00 per sq. ft. NNN.

Cash Flow Roll-up

The 19,200 sq. ft. airside Portland warehouse is small but represents virtually all the air cargo capacity at PWM. FedEx has maintained 100% occupancy since 1995. The buildings appropriately command rent of \$10.50 well above the upper end of the range for the market.

Cash Flow Roll-up

COLUMBUS, OH

Rickenbacker International Airport (LCK) is managed by the Columbus Regional Airport Authority, which also operates Port Columbus International Airport and Bolton Field. Rickenbacker International is used primarily as a cargo airport for the city of Columbus and a growing number of passenger charter carriers are using the airport as well.

Metro Market Profile

Economic Strengths

- Transportation hub due to its location in the Midwest
- Diversified business sectors: professional services, finance, transportation, education and healthcare
- At 6.8% the local unemployment rate is well below the national average
- The cost of living and the cost of doing business are both below national averages
- Honda is ramping up production in nearby Marysville
- Housing market decline not as steep as other markets – Showing signs of recovery

Columbus, OH							Source: Moody's Analytics Precip US Metro					
2004	2005	2006	2007	2008	2009	2010	Indicators	2011	2012	2013	2014	2015
77.0	77.7	77.8	79.5	79.3	78.0	79.5	Gross metro product (C\$B)	80.7	82.2	84.7	88.4	92.1
1.2	0.8	0.1	2.2	-0.2	-1.6	1.9	% change	1.5	1.8	3.0	4.4	4.2
915.9	922.4	931.8	942.5	940.0	906.1	904.2	Total employment (000)	910.5	915.6	927.7	948.1	972.4
0.6	0.7	1.0	1.1	-0.3	-3.6	-0.2	% change	0.7	0.6	1.3	2.2	2.6
5.4	5.2	4.7	4.7	5.6	8.3	8.6	Unemployment rate	7.7	6.9	7.0	6.2	5.4
3.7	4.1	5.5	4.1	3.9	-2.1	3.1	Personal income growth	3.5	2.6	3.9	6.4	6.2
1,705.5	1,726.8	1,752.5	1,776.5	1,800.1	1,822.2	1,840.9	Population (000)	1,855.4	1,868.4	1,882.8	1,897.7	1,911.4
10,814	8,799	5,641	4,322	2,596	2,574	2,887	Single-family permits	2,394	3,252	6,594	10,109	11,789
2,476	3,464	2,235	2,080	1,853	1,485	1,557	Multifamily permits	2,684	2,435	3,079	3,371	3,229
145.6	150.0	146.8	146.1	137.0	132.4	133.8	Existing-home price (\$ths)	124.1	124.8	127.5	138.1	151.1
14,514	13,282	11,570	10,418	9,133	13,542	10,437	Mortgage originations (\$mil)	8,741	8,376	8,217	8,563	9,706
8.9	10.2	12.8	10.1	10.3	9.0	6.1	Net migration (000)	2.4	0.8	2.3	2.8	1.6
14,436	20,646	5,610	7,369	8,954	10,504	10,821	Personal bankruptcies	9,223	9,930	9,919	10,147	9,309

Economic Weaknesses

- State funding cut-backs for education, local governments and local state workforce
- JP Morgan Chase announced a 1,000 job reduction

Real Estate Market Forecast

- Industrial vacancies are starting to decline
- Near-term rental rate increases are expected to accelerate in 2013

Columbus, OH Industrial Market Forecast	Availability Rate (%)	CBRE EA Rent Estimate (\$/SF)	Rent Inflation (%)
2011 Q4	16.1%	\$ 3.63	1.4%
2012 Forecast	15.1%	\$ 3.70	1.9%
2013 Forecast	13.9%	\$ 3.84	3.8%

Source: CBRE Econometric Advisors

Cargo Overview

- Mid-tier regional hub
- Moderate decline over 2010

2011 Cargo Traffic Market Rank	2010 Total Cargo (Metric Tons)	2011 Total Cargo (Metric Tons)	% Change
Columbus, OH 55th	69,748	66,287	-5.0%

Source: ACI North America

Cash Flow Roll-up

Real Estate Market Analysis

The Rickenbacker Airport competes within the Columbus industrial market area as delineated by CBRE. CBRE Economist Jared Sullivan observed that demand for industrial space in Columbus was the strongest it has been since the end of 2007 and availability should steadily decline next year, helped by a near-record low level of new construction.

Local submarkets are reporting a flight to quality as tenants take advantage of low rents to upgrade to larger, higher quality space. Leasing activity for fourth quarter 2011 showed a slight decrease with a total of 1,393,215 square feet compared to last quarter's 1,904,428 square feet. Though the amount of space leased this quarter showed a decrease compared to last quarter, two notable lease transactions include Zulily's lease of 737,352 square feet at 3051 Creekside Parkway in Lockbourne, Ohio. This was the largest new lease transaction in the Columbus market this quarter. Another notable new lease transaction was Exel's lease of 112,628 square feet at 3450 Urbancrest Industrial Drive in Groveport, Ohio

Columbus, OH Market Snapshot

Rickenbacker International Airport Property Profile

The on-tarmac 336,489 sq. ft. facility includes three hangars and a storage warehouse, all occupied by Fed Ex. This represents 57% of air cargo capacity overall, 76% of third party space. AFCO-Prologis operates 4 small buildings totaling 103,800 sq. ft.

Projected rental rates at \$2.50 to \$4.00 per square foot are representative of asking rates in Columbus which average in the \$3.00 to \$3.50 per square foot range.

	Current	Change from last	
		Yr.	Qtr.
Vacancy	13.5%	↓	↓
Lease Rates	\$3.23	↑	↓
Net Absorption	104,022	↑	↓
Construction	1,390,018	↓	↓

*The arrows are trend indicators over the specified time period and do not represent a positive or negative value. (e.g., absorption could be negative, but still represent a positive trend over a specified period.)

Cash Flow Roll-up

SOUTH BEND, IN

The South Bend (SBN) Regional Airport is one of only a few multi-modal transportation facilities in America that provides air, interstate bus, and interstate rail service from one multi-modal terminal facility. FedEx operates out of the Aeroterm building. DHL and UPS operate out of airport authority buildings.

Metro Market Profile

Economic Strengths

- Central location with good highway access to Chicago and Toledo
- Diversified business sectors: manufacturing, education and healthcare
- Upturn in auto sales has helped local auto related manufacturers
- Continued expansion by the University of Notre Dame including connections to private sector business development in Innovation Park
- Less severe downturn in the housing market

South Bend, IN								Source: Moody's Analytics Precip US Metro				
2004	2005	2006	2007	2008	2009	2010	Indicators	2011	2012	2013	2014	2015
11.1	11.2	11.1	11.1	10.9	10.3	10.5	Gross metro product (C\$B)	10.6	10.9	11.1	11.3	11.6
0.9	0.6	-0.2	0.0	-2.4	-5.3	2.1	% change	1.3	2.2	1.9	2.3	2.4
144.5	145.5	144.7	144.0	141.6	132.0	131.5	Total employment (000)	132.6	134.3	135.2	138.0	141.5
1.3	0.7	-0.5	-0.5	-1.7	-6.8	-0.4	% change	0.9	1.3	0.6	2.1	2.5
5.0	5.2	5.2	5.0	6.7	11.5	11.4	Unemployment rate	9.7	10.3	10.2	9.1	8.0
3.9	2.2	5.9	3.6	4.3	-6.0	-0.2	Personal income growth	4.7	3.8	4.4	6.5	6.2
316.8	317.2	317.8	318.7	320.0	319.2	319.2	Population (000)	321.2	323.6	325.9	327.8	329.4
1,117	1,108	725	718	400	299	238	Single-family permits	192	352	654	921	1,038
244	274	574	532	430	49	145	Multifamily permits	210	161	196	209	203
92.2	96.3	91.9	90.2	84.9	81.2	80.2	Existing-home price (\$ths)	84.8	84.0	84.5	89.2	95.7
1,651	1,652	1,430	1,334	1,135	1,567	1,207	Mortgage originations (\$mil)	1,000	934	904	933	1,059
-0.9	-0.5	-0.7	-0.7	-0.2	-2.4	-1.4	Net migration (000)	0.7	1.2	1.1	0.7	0.4
2,347	3,759	720	1,086	1,431	1,868	1,773	Personal bankruptcies	1,459	1,638	1,650	1,697	1,564

Economic Weaknesses

- Unemployment at 9.4% is above the national average
- Manufacturing has lost jobs over the past decade
- Cutbacks in state and local government funding and employment

Real Estate Market

- Availability rate below national averages
- Attractive rents

Cargo Overview

- Smaller air cargo market
- Moderate increase in air cargo in 2011
- Important freight forwarding center at uncongested location

South Bend, IN Industrial Market	Availability Rate (%)	CBRE Average Asking Rent (\$/SF)	Market Size (MSF)
2011 Q1		\$ 4.40	
2012 Q2	8.9%	\$ 4.25	20.64

Source: CBRE

2011 Cargo Traffic Market Rank	2010 Total Cargo (Metric Tons)	2011 Total Cargo (Metric Tons)	% Change
South Bend, IN 107th	10,752	10,868	1.1%

Source: ACI North America

Cash Flow Roll-up

South Bend Regional Airport Property Profile

The 45,440 sq. ft. warehouse represents 41% of air cargo capacity. The projected \$5.00 rents to FedEx are only marginally above off airport market levels.

Cash Flow Roll-up

SYRACUSE, NY

Syracuse Hancock Airport (SYR) is a medium size regional airport in northern New York. Operating over 135,000 square feet of on site cargo-related space, Aeroterm is the sole 3rd party operator and is the dominant player in this market.

Metro Market Profile

Economic Strengths

- Below average cost of living and cost of doing business
- Diversified business sectors: manufacturing, education and healthcare
- Affordable housing stock
- Expansion of Destiny USA, alarge shopping complex that draws 20 million visitors per year
- Syracuse University provides access to a skilled professional workforce

Syracuse, NY Source: Moody's Analytics Precis US Metro

2004	2005	2006	2007	2008	2009	2010	Indicators	2011	2012	2013	2014	2015
30.7	31.5	32.2	33.1	32.9	32.2	33.3	Gross metro product (C\$B)	34.5	35.5	36.1	36.7	37.7
2.8	2.6	2.1	2.7	-0.5	-2.0	3.5	% change	3.3	3.0	1.8	1.5	2.8
319.3	321.0	321.1	323.4	324.4	314.7	312.6	Total employment (000)	315.2	319.1	323.0	329.4	337.6
0.3	0.5	0.0	0.7	0.3	-3.0	-0.7	% change	0.9	1.3	1.2	2.0	2.5
5.4	4.9	4.7	4.5	5.6	8.3	8.5	Unemployment rate	7.9	7.6	7.8	6.9	5.7
3.9	3.9	5.0	7.1	4.3	-1.1	2.7	Personal income growth	2.8	3.5	4.8	6.0	6.1
656.1	655.0	655.3	656.2	658.9	660.9	662.9	Population (000)	665.5	667.3	668.1	668.3	668.9
1,469	1,445	1,383	1,220	917	784	826	Single-family permits	638	612	1,149	1,470	1,620
164	201	291	200	214	249	313	Multifamily permits	191	236	301	260	228
97.8	108.4	115.2	120.5	118.9	120.0	124.4	Existing-home price (\$ths)	121.0	120.9	124.0	131.0	139.4
2,000	2,069	2,019	2,070	1,201	1,549	1,169	Mortgage originations (\$mil)	942	818	804	894	1,023
-0.5	-2.6	-1.2	-1.2	0.5	-0.2	-0.3	Net migration (000)	0.3	-0.6	-1.6	-2.4	-2.0
4,357	6,314	2,509	2,371	2,468	2,602	2,513	Personal bankruptcies	2,098	2,000	2,146	2,251	1,960

Economic Weaknesses

- At 8.7% unemployment rate is above the national average
- Manufacturing tied to defense industry
- Marginal demographic growth

Real Estate Market

- Affordable rents for tenants
- Availability marginally above national rate of 13.4%

Syracuse, NY Industrial Market	Availability Rate (%)	CBRE Average Asking Rent (\$/SF)	Market Size (MSF)
2012 Summer	14.1%	\$ 3.98	20.64

Source: CBRE

Cargo Overview

- Moderate rise in cargo shipments in 2011

2011 Cargo Traffic Market Rank	2010 Total Cargo (Metric Tons)	2011 Total Cargo (Metric Tons)	% Change
Syracuse, NY 94th	19,290	19,960	3.5%

Source: ACI North America

Cash Flow Roll-up

Syracuse-Hancock International Airport Property Profile

The four airside Syracuse warehouses control 100% of air cargo capacity. Its tarmac location is contiguous to 412,897 sq. ft. of ramp. The buildings, appropriately, command premium rents of \$12.00 net, well above the upper end of the range for the local off-airport market, but in line with regional hubs.

Argus #	Address	NLA per		office %	Site area	# Bldgs.	Yr. blt	Tenants	Land Lease	Lease
		Argus	Ramp						Expiration	Options
48	212 Air Cargo Road - Bldg 1	135,361		7.50%	29.12	1	1971	1	8/9/2033	None
48	176 Air Cargo Road - Bldg 2		127,997			1	1972	3	8/9/2033	None
48	152 Air Cargo Road - Bldg 3		184,900			1	1988	5	8/9/2033	None
48	140 Air Cargo Road - Bldg 4		100,000			1	1991	2	8/9/2033	None
		135,361	412,897							

Risk Assessment

AEROTERM LOAN RISK ASSESSMENT

Background and Portfolio Overview

Realterm Global wishes to consolidate its tax-exempt financing on 48 Aeroterm facilities, located across the country, into a single bond. Aeroterm is Realterm's airport and infrastructure investment and development arm. All but five of the air-freight related facilities is located on leased airport land, and in turn, each Aeroterm property is leased to one or more tenants in the air cargo, freight integration or aviation support business. Aeroterm operates 48 facilities located in 25 markets throughout the United States.

CBRE has conducted a review of the individual markets and facility cash flow projections of the Aeroterm air cargo facilities. Next, we will discuss the relative risk implications at the portfolio level and how that risk might affect bond pricing and debt levels. A thorough review of the characteristics of the subject portfolio is critical to understanding the underlying risk.

Risk Overview

The following analysis provides a review of the subject property characteristics that influence the risk profile of the portfolio. From a lender's perspective, the profile of the underlying assets will impact the borrower's perceived ability to pay back a loan. CBRE analyzed each of the following characteristics:

- Geographic Diversification
- Physical Characteristics
- Market Position
- Demand Drivers
- Volatility of Cash Flows
- Tenant Profile
- Leasing Parameters
- Financing Structure
- Growth Opportunities

Geographic Diversification

The portfolio is comprised of 48 properties located at airports throughout the United States. The geographic diversity of the subject portfolio is illustrated in the following charts.

Risk Analysis

Portfolio Breakdown by Net Rentable Area (SF)

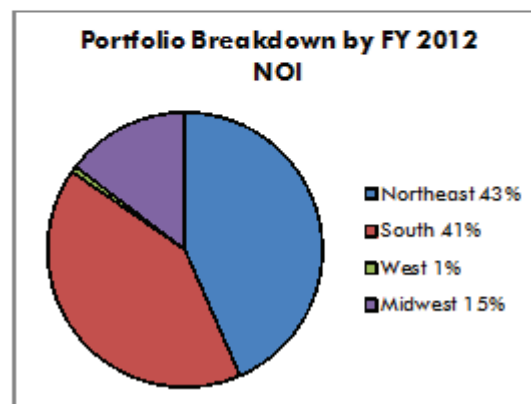
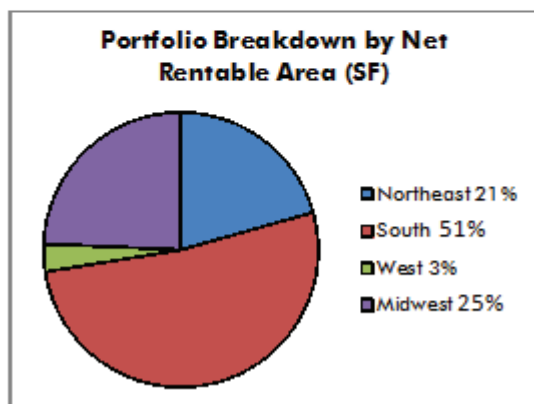
Region	Net Rentable Area (SF)	% of Total SF
Northeast	1,303,362	21%
South	3,211,963	51%
West	206,137	3%
Midwest	1,537,423	25%
Total	6,258,885	100%

Compiled by CBRE

Portfolio Breakdown by FY 2012 Projected NOI

Region	Net Operating Income (NOI)	% of Total NOI
Northeast	\$24,159,977	43%
South	\$22,903,988	41%
West	\$404,619	1%
Midwest	\$8,144,903	15%
Total	\$55,613,487	

Compiled by CBRE



Wh

ile it is important to note that the portfolio is well-positioned in key markets across the United States, geography doesn't impact the performance of air cargo facilities as much as other real estate product types. Demand for air cargo facilities does not mirror that of general industrial distribution facilities in a given market. Global supply and demand factors play a role, including cargo volume and regional need for the distribution of goods. Aeroterm has a significant presence in many of the top-ranked airports by cargo volume.

Portfolio Presence in Top 10 Cargo Airports in North America

Rank ¹	Airport	Tons of Cargo Traffic ²	Portfolio Building SF	% of Aeroterm's Total 2012 NOI
2	Anchorage, AK (ANC)	2,646,695	80,884	0.40%
3	Louisville, KY (SDF)	2,166,656	112,302	2.89%
4	Miami, FL (MIA)	1,835,797	511,378	18.01%
6	Chicago, IL (ORD)	1,376,552	975,793	9.97%
7	New York, NY (JFK)	1,344,126	436,267	23.71%
9	Newark, NJ (EWR)	855,594	266,793	6.07%
	Total	10,225,420	2,383,417	61.05%

Compiled by CBRE

(1) Rank by cargo volume

(2) Source: Airports Council International 2010

Risk Analysis

Overall, Aeroterm benefits from geographic diversity throughout the United States in both primary and secondary markets. The facilities not only generate diversity through their locations, but also net operating income. Approximately 61% of total portfolio NOI is generated by facilities located at the top 10 cargo airports in North America. This is favorable as these are all airports that benefit from international air cargo activity and domestic freight network consolidation trends.

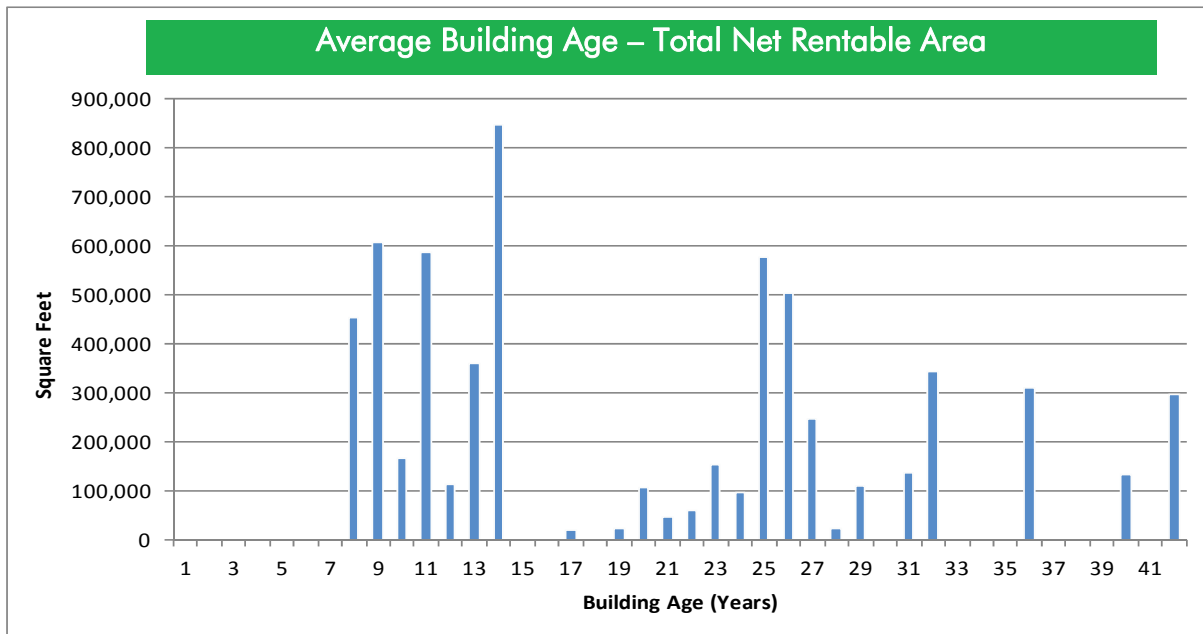
Physical Characteristics

The subject air cargo facilities are designed to accommodate the rapid handling and movement of goods in high volumes. They are not designed for long-term storage; the typical facility is filled and emptied twice a day. The properties provide direct access for the movement of goods between airplanes located on the secure airport infield and the trucks located on public land outside the Airport Operations Area (“AOA”) perimeter fence. A unique feature of the subject properties includes the ability to easily reconfigure the space to accommodate the expansion of tenants. For example, the space design is typically open so that only the removal or relocation of demising walls represents the primary hurdle to expansion. Additionally, offices that are located on second floor levels typically have open hallways from one end of the building to the other allowing for easy access among the spaces without having to exit one area and re-enter elsewhere in order to move between office areas.

One of the subject properties consists of two vacant land parcels reserved for future development located at Chicago’s O’Hare Airport. The off-airport properties include: Boylston, Greensmor in Houston, one asset in Philadelphia, Building 7 in New Orleans and one facility at Dallas-Ft. Worth.

The off-airport properties in Boylston, MA and Philadelphia, PA are used by FedEx as city sorting facilities and the remaining off-airport properties are used for a combination of air cargo freight forwarding and for general cargo handling.

Many of the subject properties are newer facilities, with approximately half the portfolio (by net rentable area) constructed in the last fifteen years. The weighted average age of the facilities is approximately 20 years.



Risk Analysis

Minimal capital costs are anticipated over the life of the subject properties, as the typical tenant lease provides for reimbursement of the tenant's proportionate share of taxes, operating expenses and significant capital repairs. The landlord is typically only responsible for roof and structure and much of the roof repair burden is recoverable.

The ages of the subject properties indicates a minimal need for large capital outlays in the near-term, further assuring the availability of cash flow for loan repayment.

Additionally, the subject properties are located on airport properties where airplanes can taxi to the facilities. Given that there is typically a finite land area adjacent to airplane taxiways on airport properties, the barriers to entry are significant at nearly all of Aeroterm's host airports. Aeroterm benefits greatly from this advantage given that it is the largest owner of on-airport cargo facilities in the United States.

Market Position

The subject portfolio is well-positioned for the anticipated future growth of the air cargo industry. Long-term forecasts indicate future constraint in cargo infrastructure capacity at major air cargo hubs. Few of the world's airports are expected to be able to meet the necessary airside and landside requirements predicted by current demand forecasts. Additionally, the combination of specialized format, prime location and regulatory status represents a substantial hurdle for new competitors. The limitations on supply growth give the subject portfolio a favorable market position.

As indicated in the Market Study section, approximately 77% of all air cargo volume was handled by the top 20 airports. Aeroterm has the benefit of being located in 9 of the top 20 markets including 5 of the top 7 global gateway airports (Anchorage, Louisville, Miami, Chicago and New York City (JFK)). Aeroterm is the dominant space owner in the industry.

Aeroterm is also among the dominant owners of cargo building square footage in the top 5 major U.S. gateway airports where it operates. It controls an estimated 23.6% of cargo square footage at these five locations, which are among the top 6 in the U.S. (see Market Study section for locations).

Demand Drivers

Demand for air cargo facilities is driven largely by the volume of cargo transported by air. In turn, air cargo volume is driven by world GDP growth, international trade, modern inventory and supply chain management practices and growth of time sensitive delivery services. The subject properties are largely independent of the cyclical real estate conditions of the local markets. Even the off-airport facilities are strongly tied to airport related movement of freight and cargo. These factors tend to reduce the risk to the overall portfolio from a local market perspective; however, the niche use and locations of the properties results in potential exposure to declining economic activity and air cargo volumes during global slowdowns as experienced starting in 2008.

Future prospects for the air cargo industry remain favorable. As indicated in the Market Study section, it is reported that Boeing and air cargo trade associations project that world air freight will grow 6% per year through 2029 and this would result in air cargo traffic tripling over this period. Much of this growth is expected through international expansion (benefiting Aeroterm's 9 gateway airport locations the most) as the domestic market is seen as mature. In fact, of the 19 airports in the Aeroterm portfolio that report to

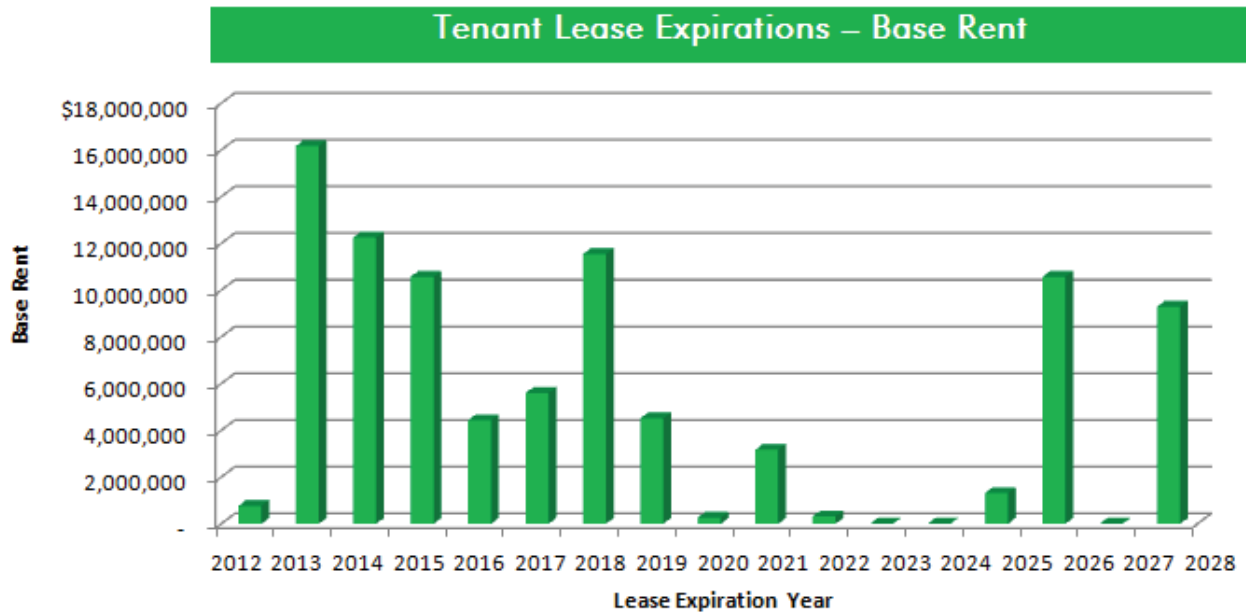
Risk Analysis

the ACI-NA, freight volumes increased 18% from 2009 to 2010 and only 5 reported a net decline in cargo traffic. The lack of available on-airport land to support the new on-airport space demand indicated by these growth projections is also a benefit to Aeroterm. Current occupancy is estimated at 84.4%, which is below reported long-term stabilized occupancy of 90%.

Given the long-term 6% growth potential being reported by reputable sources for the air cargo industry, such as Boeing, CBRE’s 3% annual market rent growth projections appear reasonable and well-supported.

Volatility of Cash Flows

The subject portfolio has long enjoyed strong historical occupancy and low turnover due to the lack of viable alternative locations for tenants. Historically, tenant renewal probability has averaged 75%. In 2011, tenant renewal was 93.8%. Aeroterm projected a 75% renewal probability in their analysis, which appears reasonable. The portfolio enjoys high tenant retention and minimal downtime with typical re-lease of vacant spaces within six months. The following chart illustrates future tenant lease expirations.



A significant portion of the tenants (48% of total projected base rent) expire by the end of 2016. The portfolio’s historical tenant retention does mitigate this high near-term turnover; but the upcoming turnover does present a cash flow volatility risk.

Tenant Profile

The portfolio’s tenant base includes 169 different tenants, many of which have multiple space leases. The mix is widely diversified with a broad mix of different cargo related and aviation-support based business models including integrators, freight airlines, combination carriers, cargo handling companies, local cities, and federal agencies. Overall, few of the tenants have investment grade, credit-rated bond debt (approximately 5). The following table presents the top tenants in the portfolio by square footage.

Risk Analysis

Top 10 Tenants By Occupied Square Footage		
Tenants	Sq. Ft.	% of Portfolio
Fed Ex	1,038,964	19.0%
Lan Chile	384,046	7.0%
Alliance Ground International	339,110	6.2%
Delta	321,578	5.9%
Lufthansa Cargo AG	180,684	3.3%
Cargo Airport Services Texas	128,550	2.3%
JW Acquisition, Inc.	127,332	2.3%
City of Chicago	125,180	2.3%
Integrated Airline Service	123,056	2.2%
Air General	118,530	2.2%
Top 10		52.8%
Compiled by CBRE		

As indicated in the preceding table, 52.8% of the portfolio square footage is occupied by the top 10 tenants (which is only 6% of the total number of tenants). FedEx is the leading tenant by far. Cargo Airport Services (CAS), a major ground handler, typically subleases portions of its space to various other cargo companies.

The following table presents the top 10 tenants by base rents.

Top 10 Tenants By Base Rent		
Tenants	Base Rents	% of Portfolio
Fed Ex	13,245,622	14.1%
Delta	11,671,600	12.4%
Lan Chile	8,084,997	8.6%
Lufthansa Cargo AG	7,311,345	7.8%
Alliance Ground International	6,344,370	6.7%
EVA	3,570,814	3.8%
Worldwide	3,387,345	3.6%
Scandinavian Airlines	2,866,465	3.0%
JW Acquisition, Inc.	2,477,537	2.6%
City of Chicago	1,990,694	2.1%
UPS	1,714,789	1.8%
Top 10		66.5%
Compiled by CBRE		

As indicated in the preceding table, approximately 65% of all base rents are generated by the top 10 tenants (only 6% of the total number of tenants) with FedEx once again leading the list. The diversity of the portfolio is deep, but the preceding chart indicates that much of the strength of the tenant profile is in the top 10 tenants as viewed from a credit risk perspective.

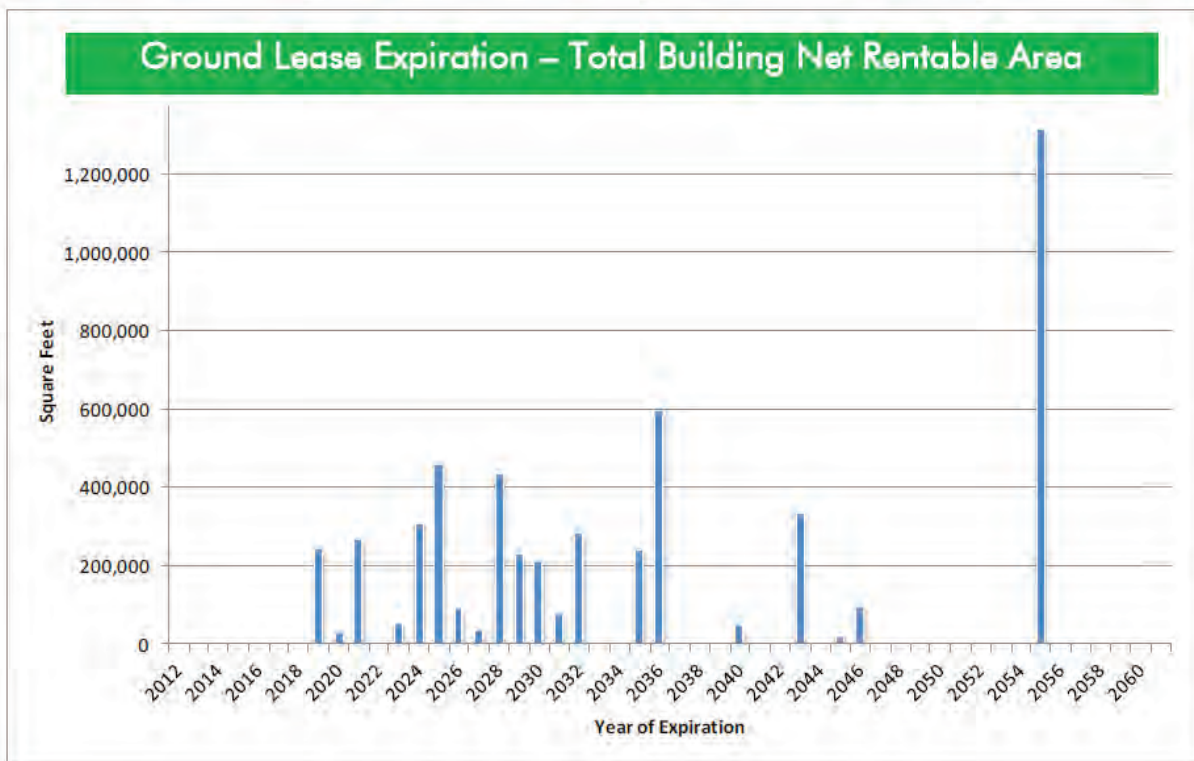
Risk Analysis

Overall, the subject portfolio has a deep and diverse tenant profile although with few credit tenants, but with its largest tenant, FedEx, having investment grade credit-rated bonds. The portfolio has enjoyed historical strong tenant demand due to the unique location of the facilities and operational advantages of being on-tarmac. The profile represents a wide range of market participants in the air cargo and freight forwarding industries. Other than having some risk associated with a large portion of the occupancy and revenues generated from the top 10 tenants, the tenant mix is strong and considered to be a positive.

Ground Leasing Parameters

Forty three of 48 properties are located on long term ground leases from airport authorities. The remaining five properties are located on fee simple owned land. The weighted average remaining term of the ground leases is approximately 24 years, with expirations detailed in the following chart.

It is noted that the cash flow estimates terminate concurrent with the ground lease expirations; therefore, there is no risk associated with our projecting cash flows beyond ground lease expiration dates where the likelihood of ground lease renewal is not guaranteed.



Tenant leases are typically structured on a long-term, triple-net basis. In general, the subject properties deliver value at rent levels in excess of market levels for conventional distribution facilities. The average lease maturity (weighted by base rent) for the portfolio is approximately 6 years. The long-term and triple-net nature of the leases lends stability to the underlying cash flows of the portfolio, thus reducing overall risk.

Financing Structure

The anticipated financing structure will utilize tax-exempt bonds of either one, two or three issuances. The bonds will be cross-collateralized, and will have the ability to add or remove certain properties over time.

Risk Analysis

From a lenders perspective, cross-collateralization reduces risk and increases diversification because several properties are used to guarantee a loan. Additionally, the portfolio is anticipated to have a solid underwritten debt service coverage ratio in excess of 1.9 to 2.0 as well as an approximately \$20 million debt service reserve account. Under this coverage ratio, the cash flow could experience a significant decline (which is not anticipated) and still maintain a healthy debt coverage ratio. The interest rate on the debt is projected at 300 basis points over LIBOR. Current expectations are for an initial interest rate in the high five percent range, which illustrates the favorable market conditions for refinancing.

Growth Opportunities

Aeroterm benefits from various growth opportunities in the foreseeable future. It has vacant land both inside the AOA fence and on-tarmac at Chicago O'Hare that is part of this portfolio and can be developed with additional cargo space as demand dictates. Additionally, the financing structure allows for properties to be removed and placed in the portfolio providing for flexibility to finance new acquisitions or development of properties not currently in the to-be cross-collateralized portfolio.

Conclusion

Overall, the portfolio represents the largest privately held portfolio of U.S. airside air cargo facilities. The portfolio benefits from a wide and diverse range of tenants in a geographically diverse setting. The 25 locations (all but one feature on-airport assets) include locations in 9 of the top 25 U.S. cargo airports and 5 of the top 6 U.S. international gateway cargo airports (where Aeroterm captures close to a 25% share of the available space).

Industry experts project demand for space to increase at an annual compound rate of up to 6% through 2029, which bodes well for this industry where only limited airside space is available. Additionally, long-term rent growth projections of 2.5% by the client (3% by CBRE) appear reasonable and even slightly conservative given the growth anticipated in the cargo industry sector.

The reported financing structure, with a projected debt coverage ratio in excess of 1.9 to 2.0 and an approximately \$20 million debt service reserve account, makes for an initially safe coverage ratio for investors, in light of the current 84% occupancy that is below its long-term stabilized occupancy closer to 90%. As market conditions continue to improve, occupancy is expected to trend to its stabilized level.

Threats for the portfolio include over 45% of the tenants having current lease terms ending by the close of 2016, a significant portion in 2013. This concern is somewhat offset by the long-term tenant renewal probability of 75% and more recently a 94% renewal probability in 2011. Another threat is that over half of the occupancy of the portfolio and over 65% of the base rents are concentrated with the top 10 tenants (only 6% of the total). The loss of any of these tenants, especially the top few, would have a significant impact on the performance of the portfolio. But given the mission-critical nature of the airside assets in particular for express shipping options, and based on historical performance, significant non-renewals are highly unlikely among these tenants.

Given the preceding discussion and consideration of various factors related to the portfolio, the overall risk profile is considered to be favorable for the proposed bond financing.

Appendix:

Appendix Sections

1. Side by Side Aeroterm and CBRE Cash Flow Assumptions for Each Property
2. Team Qualifications
3. Argus Cash Flows (conveyed electronically via Zip File)

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification	01 O'Hare Land 512 Express Center Dr., Chicago, IL		
	AEROTERM ASSUMPTIONS	CBRE ASSUMPTION	Comments
General Assumptions			
Start Date	Jul-09	Jun-12	
Terms of Analysis	39 Years	40 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	N/A	3.00%	
Real Estate Tax Growth	N/A	N/A	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$92,000/yr	\$107,328/yr	
Market Rent Two	N/A	N/A	
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	None	None	
Market Leasing Assumptions			
Renewal Probability	75.00%	80.00%	
Expense Structure	Gross	Gross	
Concessions	None	None	
Downtime Between Leases	6 months	6 months	
Escalations	2.50%	3.00%	
Tenant Improvements - New	None Land Only	None Land Only	
Tenant Improvements - Renewals	None Land Only	None Land Only	
Leasing Commissions - New	3.5%	5.0%	
Leasing Commissions - Renewals	1.0%,2.5%	2.0%	After year 3 commission goes down to 1 %
General Vacancy & Collection Loss	N/A	N/A	
Comments	No building improvements		

Compiled by CBRE

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification

02_514 Express Center Dr., Chicago, IL 60688

	AEROTERM ASSUMPTIONS	CBRE ASSUMPTION	Comments
General Assumptions			
Start Date	Jul-09	Jun-12	
Terms of Analysis	39 Years	40 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	2.00%	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$7.00-\$8.00/Gross	\$8.00/Gross	Aeroterm carries new and renewal MLA rent presumptions shown here.
Market Rent Two	N/A	N/A	
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	\$0.12/SF	\$0.15/SF	
Market Leasing Assumptions			
Renewal Probability	75.00%	75.00%	
Expense Structure	Gross	Gross	
Concessions	None	None	
Downtime Between Leases	6-12 Months	6 Months	
Escalations	2.50%	3.0%	
Tenant Improvements - New	\$1.50(warehouse) & \$5.00(office)	\$1.50(warehouse) & \$5.00(office)	
Tenant Improvements - Renewals	\$1.00(warehouse) & \$3.50(office)	\$1.00(warehouse) & \$3.50(office)	
Leasing Commissions - New	3.5%	5.0%	
Leasing Commissions - Renewals	1.0%-2.5%	2.0%	
General Vacancy & Collection Loss	1.0%	10.0%	

CommentsCompiled by CBRE

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification

03_515 Express Center Drive, Chicago, IL 60688

	<u>AEROTERM ASSUMPTIONS</u>	<u>CBRE ASSUMPTION</u>	Comments
General Assumptions			
Start Date	Jul-09	Jun-12	
Terms of Analysis	39 Years	40 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	2.00%	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$13.50/Net	\$20.00/Gross	Office
Market Rent Two	\$12.00/Gross	\$12.00/Gross	Warehouse
Market Rent Three	\$11.00/Gross	N/A	Warehouse
Market Rent Four	\$8.00/Gross	\$8.00/Gross	Warehouse
Replacement Reserves (\$/SF/YR)	\$0.12/SF	\$0.15/SF	
Market Leasing Assumptions			
Renewal Probability	75.00%	75.00%	
Expense Structure	Net & Gross	Gross	
Concessions	None	None	
Downtime Between Leases	6-12 months	6 months	
Escalations	2.50%	3.0%	
Tenant Improvements - New	\$1.50	\$1.50(warehouse),\$5.00(office)	
Tenant Improvements - Renewals	\$1.00	\$1.00(warehouse),\$3.50(office)	
Leasing Commissions - New	3.5%	5.0%	
Leasing Commissions - Renewals	1.0%-2.5%	2.0%	After lease year 3 the Aeroterm commision goes down to 1%
General Vacancy & Collection Loss	1.0%	10.0%	

CommentsCompiled by CBRE

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification

04- 516 Express Center Drive, Chicago, IL 60688

	<u>AEROTERM ASSUMPTIONS</u>	<u>CBRE ASSUMPTION</u>	<u>Comments</u>
General Assumptions			
Start Date	Jul-09	Jun-12	
Terms of Analysis	39 Years	40 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	2.00%	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$10.00/Gross	\$10.00/Gross	
Market Rent Two	N/A	N/A	
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	\$0.12/SF	\$0.15/SF	
Market Leasing Assumptions			
Renewal Probability	75.00%	80.00%	
Expense Structure	Gross	Gross	
Concessions	None	None	
Downtime Between Leases	6-12 months	6 months	
Escalations	2.50%	3.0%	
Tenant Improvements - New	\$1.50	\$1.50	
Tenant Improvements - Renewals	\$1.00	\$1.00	
Leasing Commissions - New	3.5%	5.0%	
Leasing Commissions - Renewals	1.0%-2.5%	2.0%	After lease year 3 the commision goes down to 1%
General Vacancy & Collection Loss	1.0%	5.0%	

CommentsCompiled by CBRE

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification

05- 517 Express Center Dr., Chicago, IL 60688

	AEROTERM ASSUMPTIONS	CBRE ASSUMPTION	Comments
General Assumptions			
Start Date	Jul-09	Jun-12	
Terms of Analysis	39 Years	40 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	2.00%	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$12.00/Gross	\$12.00/Gross	Warehouse
Market Rent Two	\$10.00/Gross	\$10.00/Gross	Office
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	\$0.12/SF	\$0.15/SF	
Market Leasing Assumptions			
Renewal Probability	75.00%	75.00%	
Expense Structure	Gross	Gross	
Concessions	None	None	
Downtime Between Leases	6-12 months	6 months	
Escalations	1.5% and 2.5%	3.0%	
Tenant Improvements - New	\$1.5(warehouse) & 5.00(office)	\$1.5(warehouse) & 5.00(office)	
Tenant Improvements - Renewals	\$1 (warehouse)& \$3.5 (office)	\$1 (warehouse)& \$3.5 (office)	
Leasing Commissions - New	3.5%	5.0%	
Leasing Commissions - Renewals	1.0%-2.5%	2.0%	After lease year 3 the commision goes down to 1%
General Vacancy & Collection Loss	1.0%	5.0%	

CommentsCompiled by CBRE

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification

06_891 Upper Express Dr., Chicago, IL (ord891)

	<u>AEROTERM ASSUMPTIONS</u>	<u>CBRE ASSUMPTION</u>	<u>Comments</u>
General Assumptions			
Start Date	Jul-09	Jun-12	100% Occupancy
Terms of Analysis	39 Years	40 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	2.00%	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$12.14/Net (Until 2020)	13/Net	Warehouse
Market Rent Two	N/A	N/A	
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	\$0.12/SF	\$0.15/SF	
Market Leasing Assumptions			
Renewal Probability	75.00%	75.00%	
Expense Structure	Net	Net	
Concessions	None	None	
Downtime Between Leases	6 Months	6 Months	
Escalations	2.00%	3.0%	
Tenant Improvements - New	\$1.50	\$1.50	
Tenant Improvements - Renewals	\$1.00	\$1.00	
Leasing Commissions - New	3.50%	5.0%	
Leasing Commissions - Renewals	2.50%; 1%	2.0%	After lease year 3 the commission goes down to 1.00%
General Vacancy & Collection Loss	1.0%	0.0%	

CommentsCompiled by CBRE

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification

07_893 Upper Express Drive, Chicago, IL (ord893)

	<u>AEROTERM ASSUMPTIONS</u>	<u>CBRE ASSUMPTION</u>	<u>Comments</u>
General Assumptions			
Start Date	Jul-09	Jun-12	100% leased
Terms of Analysis	39 Years	40 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	2.00%	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$8.25/Gross	\$8.00/Gross	Gross Warehouse
Market Rent Two	\$8.00/Gross	\$8.00/Gross	Gross Warehouse
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	\$0.12/SF	\$0.15/SF	
Market Leasing Assumptions			
Renewal Probability	75.00%	75.00%	
Expense Structure	Gross	Gross	
Concessions	None	None	
Downtime Between Leases	6 Months	6 Months	
Escalations	2.00%	3.0%	
Tenant Improvements - New	\$1.50	\$1.50	
Tenant Improvements - Renewals	\$1.00	\$1.00	
Leasing Commissions - New	3.50%	5.0%	
Leasing Commissions - Renewals	2.50%; 1%	2.0%	After lease year 3 the commision goes down to 1.00%
General Vacancy & Collection Loss	1.0%	5.0%	

CommentsCompiled by CBRE

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification

08_899 Upper Express Dr., Chicago, IL (ord899)

	<u>AEROTERM ASSUMPTIONS</u>	<u>CBRE ASSUMPTION</u>	<u>Comments</u>
General Assumptions			
Start Date	Jul-09	Jun-12	100% Occupied
Terms of Analysis	39 Years	40 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	2.00%	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$16.00/Net	\$28.00/Net	Warehouse
Market Rent Two	N/A	N/A	
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	\$0.12/SF	\$0.15/SF	
Market Leasing Assumptions			
Renewal Probability	75.00%	75.00%	
Expense Structure	Net	Net	
Concessions	None	None	
Downtime Between Leases	6 Months	6 Months	
Escalations	2.00%	3.0%	
Tenant Improvements - New	\$1.50	\$1.50	
Tenant Improvements - Renewals	\$1.00	\$1.00	
Leasing Commissions - New	3.50%	5.0%	
Leasing Commissions - Renewals	2.50%; 1%	2.0%	After lease year 3 the commission goes down to 1.00%
General Vacancy & Collection Loss	1.0%	5.0%	

CommentsCompiled by CBRE

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification

09_Upper Express LAND

	<u>AEROTERM ASSUMPTIONS</u>	<u>CBRE ASSUMPTION</u>	<u>Comments</u>
General Assumptions			
Start Date	Jul-09	Jun-12	
Terms of Analysis	39 Years	40 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.50%	3.00%	
Inflation (CPI)	2.50%	3.00%	
Real Estate Tax Growth	2.50%	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$180,000 (2014)	\$180,000 (2014)	
Market Rent Two	\$500,000 (2014)	\$500,000 (2014)	
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	N/A	N/A	
Market Leasing Assumptions			
Renewal Probability	75.00%	75.00%	
Expense Structure	Gross	Gross	
Concessions	None	None	
Downtime Between Leases	0 Months	0 Months	
Escalations	2.50%	3.0%	
Tenant Improvements - New	N/A	N/A	
Tenant Improvements - Renewals	N/A	N/A	
Leasing Commissions - New	3.50%	5.0%	
Leasing Commissions - Renewals	-	-	
General Vacancy & Collection Loss	-	-	
Comments	No building improvements		

Compiled by CBRE

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification

10_Aero Anchorage (anc3830)

	<u>AEROTERM ASSUMPTIONS</u>	<u>CBRE ASSUMPTION</u>	<u>Comments</u>
General Assumptions			
Start Date	Jul-09	Jun-12	44% Occupied
Terms of Analysis	25 Years	24 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	2.00%	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$10.00/Net	\$10.00/Net	NNN Warehouse/Office
Market Rent Two	N/A	N/A	
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	\$0.12/SF	\$0.15/SF	
Market Leasing Assumptions			
Renewal Probability	75.00%	75.00%	
Expense Structure	Net	Net	
Concessions	None	None	
Downtime Between Leases	6 Months	6 Months	
Escalations	2.50%	3.0%	
Tenant Improvements - New	\$1.50(w); \$5.00(o)	\$1.50(w); \$5.00(o)	
Tenant Improvements - Renewals	\$1(w); \$3.50(o)	\$1(w); \$3.50(o)	
Leasing Commissions - New	3.50%	5.0%	
Leasing Commissions - Renewals	2.50%; 1%	2.0%	After lease year 3 the commission goes down to 1.00%
General Vacancy & Collection Loss	1.0%	15.0%	Aeroterm assumes occupancy stabilizes at 75% in 2017 and never exceeds 78%

Comments

Compiled by CBRE

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification	11_Aero Boylston, West Boylston, MA 01583		
	AEROTERM ASSUMPTIONS	CBRE ASSUMPTION	Comments
General Assumptions			
Start Date	Jul-09	Jun-12	
Terms of Analysis	39 Years	30 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	Aeroterm Assumptions: 0% first year then 3.0% forward
Real Estate Tax Growth	2.00%	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$9.00	\$9.00	
Market Rent Two	N/A	N/A	
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	\$0.12/SF	\$0.15/SF	
Market Leasing Assumptions			
Renewal Probability	75.00%	80.00%	
Expense Structure	Tenant Pays Taxes	Tenant Pays Taxes	
Concessions	None	None	
Downtime Between Leases	6 months	6 months	
Escalations	2.50%	3.0%	
Tenant Improvements - New	\$1.50	\$1.50	
Tenant Improvements - Renewals	\$1.00	\$1.00	
Leasing Commissions - New	3.5%	5.0%	
Leasing Commissions - Renewals	1.0%-2.5%	2.0%	After lease year 3 the commision goes down to 1%
General Vacancy & Collection Loss	1.0%	5.0%	
Comments			
Compiled by CBRE			

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification	12_DFW-1 (Building 1)		
	AEROTERM ASSUMPTIONS	CBRE ASSUMPTION	Comments
General Assumptions			
Start Date	July 1, 2009	June 1, 2012	
Terms of Analysis	10 Years	9 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	N/A	N/A	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$2.00	\$2.00	
Market Rent Two	N/A	N/A	
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	\$0.12/SF	\$0.15/SF	
Market Leasing Assumptions			
Renewal Probability	75.00%	75.00%	
Expense Structure	Net	Net	
Concessions	None	None	
Downtime Between Leases	6 Months	6 Months	
Escalations	3.00%/Annually	3.00%/Annually	
Tenant Improvements - New	\$1.50	\$1.50	
Tenant Improvements - Renewals	\$1.00	\$1.00	
Leasing Commissions - New	3.50%	5.00%	
Leasing Commissions - Renewals	2.50%	2.00%	
General Vacancy & Collection Loss	1.0%	5.0%	

CommentsCompiled by CBRE

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification

13 DFW-BLDGS-A-D**General Assumptions**

	AEROTERM ASSUMPTIONS	CBRE ASSUMPTION
Start Date	07/09	12-Jun
Term of Analysis	9 Years	10 Years

Growth Rate Assumptions

Income Growth	2.50%	3.00%
Expense Growth	2.00%	3.00%
Inflation (CPI)	2.00%	3.00%
Real Estate Tax Growth	2.00%	3.00%

Market Rates - Year 1 (\$/SF/YR)

Market Rent One	\$4.50/Net	\$4.50/Net
Market Rent Two		
Market Rent Three		
Market Rent Four		
Replacement Reserves (\$/SF/YR)	\$0.12/SF	\$0.15/SF

Market Leasing Assumptions

Renewal Probability	75%	75%
Expense Structure	NNN	NNN
Concessions	None	None
Downtime Between Leases	6 Months	6 Months
Escalations	3%	3%
Tenant Improvements - New	\$1.50/SF	\$1.50/SF trending down
Tenant Improvements - Renewals	\$1.00/SF	\$1.00/SF trending down
Leasing Commissions - New	3.50% trending down	5% - trending down
Leasing Commissions - Renewals	2.5% trending down	2.0% - trending down
General Vacancy & Collection Loss	1% for 5-yr./ 3% thereafter	20%

Comments

Aeroterm assumes the property will reach 95% occupancy by 2015 with occupancy dropping in certain years thereafter reflecting projected tenant rollover. Ground lease expires in 3-years, with one remaining 5-yr. option that we assume will be exercised.

Compiled by CBRE

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification	14_DFW_Building_E, Dallas, TX 75261			
	AEROTERM ASSUMPTIONS	CBRE ASSUMPTION	Comments	
General Assumptions				
Start Date	Jul-09	Jun-12		
Terms of Analysis	25 Years	24 Years		
Growth Rate Assumptions				
Income Growth	2.50%	3.00%		
Expense Growth	2.00%	3.00%		
Inflation (CPI)	2.00%	3.00%		
Real Estate Tax Growth	2.00%	3.00%		
Market Rates - Year 1 (\$/SF/YR)				
Market Rent One	\$4.00	\$4.50		
Market Rent Two	N/A	N/A		
Market Rent Three	N/A	N/A		
Market Rent Four	N/A	N/A		
Replacement Reserves (\$/SF/YR)	\$0.12/SF	\$0.15/SF		
Market Leasing Assumptions				
Renewal Probability	75.00%	75.00%		
Expense Structure	Net	Net		
Concessions	\$203,340	None		Tenant granted rent abatements for April & May each year with a maximum of 10-mo. Abated. CBRE assumes these abatements were provided during the first five years of the lease.
Downtime Between Leases	6 Months	6 Months		
Escalations	3.00%/Yr.	3.0%		
Tenant Improvements - New	\$1.50	\$1.50		
Tenant Improvements - Renewals	\$1.00	\$1.00		
Leasing Commissions - New	3.5%	5.0%		
Leasing Commissions - Renewals	2.5%	2.0%		
General Vacancy & Collection Loss	1.0%	5.0%		
Comments				
Compiled by CBRE				

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification

15_DFWII 1830 West Airfield Dr., Dallas, TX 75261

	<u>AEROTERM ASSUMPTIONS</u>	<u>CBRE ASSUMPTION</u>	<u>Comments</u>
General Assumptions			
Start Date	Jul-09	Jul-09	
Terms of Analysis	15 Years	13 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	N/A	N/A	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$3.00	\$3.00	
Market Rent Two	N/A	N/A	
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	\$0.12/SF	\$0.15/SF	
Market Leasing Assumptions			
Renewal Probability	75.00%	75.00%	
Expense Structure	Net	Net	
Concessions	None	None	
Downtime Between Leases	6 Months	6 Months	
Escalations	2.50%	3.0%	
Tenant Improvements - New	\$1.50	\$1.50	
Tenant Improvements - Renewals	\$1.00	\$1.00	
Leasing Commissions - New	6.0%	5.0%	
Leasing Commissions - Renewals	3.0%	2.0%	
General Vacancy & Collection Loss	1.0%	5.0%	

CommentsCompiled by CBRE

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification

16 DFW III, LP (dfw5e)

	<u>AEROTERM ASSUMPTIONS</u>	<u>CBRE ASSUMPTION</u>	<u>Comments</u>
General Assumptions			
Start Date	Jul-09	Jun-12	41.4% Occupancy
Terms of Analysis	19 Years	19 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	N/A	N/A	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$12.00/Net	\$12.00/Net	
Market Rent Two	\$7.00/Net	\$7.00/Net	
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	\$0.05/SF	\$0.15/SF	
Market Leasing Assumptions			
Renewal Probability	75.00%	75.00%	
Expense Structure	Net	Net	
Concessions	None	None	
Downtime Between Leases	6 Months	6 Months	
Escalations	3.00%	3.0%	
Tenant Improvements - New	\$1.50	\$1.50	
Tenant Improvements - Renewals	\$1.00	\$1.00	
Leasing Commissions - New	3.5%	5.0%	
Leasing Commissions - Renewals	2.5%	2.0%	
General Vacancy & Collection Loss	1.0%	20.0%	

CommentsCompiled by CBRE

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification	17 Aero DFW II, LP (1840-1850)		
	AEROTERM ASSUMPTIONS	CBRE ASSUMPTION	Comments
General Assumptions			
Start Date	Jul-09	Jun-12	
Terms of Analysis	16 Years	15 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	2.00%	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$3.00 NNN	\$3.00 NNN	Warehouse
Market Rent Two	N/A	N/A	
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	\$0.12/SF	\$0.15/sf	
Market Leasing Assumptions			
Renewal Probability	75.00%	75.00%	
Expense Structure	Net	Net	
Concessions	None	None	
Downtime Between Leases	6 Months	6 Months	
Escalations	2.50%	3.0%	
Tenant Improvements - New	\$1.50	\$1.50	
Tenant Improvements - Renewals	\$1.00	\$1.00	
Leasing Commissions - New	3.5%	5.0%	
Leasing Commissions - Renewals	1.0%-2.5%	2.0%	After lease year 3 the commision goes down to 1%
General Vacancy & Collection Loss	1% for 3-yrs.; 3% thereafter	5.0%	
Comments			
Compiled by CBRE			

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification	18_DFW Fee			
	AEROTERM ASSUMPTIONS		CBRE ASSUMPTION	Comments
General Assumptions				
Start Date	July 1, 2009		June 1, 2012	
Terms of Analysis	39 Years		30 Years	
Growth Rate Assumptions				
Income Growth	2.50%		3.00%	
Expense Growth	2.00%		3.00%	
Inflation (CPI)	N/A		3.00%	
Real Estate Tax Growth	2.00%		3.00%	
Market Rates - Year 1 (\$/SF/YR)				
Market Rent One	\$5.00		\$5.00	
Market Rent Two	N/A		N/A	
Market Rent Three	N/A		N/A	
Market Rent Four	N/A		N/A	
Replacement Reserves (\$/SF/YR)	\$0.12/SF		\$0.15/SF	Aeroterm included a replacement reserve and specific capital projects
Market Leasing Assumptions				
Renewal Probability	75.00%		75.00%	
Expense Structure	Net		Net	
Concessions	None		None	
Downtime Between Leases	6 Months		6 Months	
Escalations	3.00%/Annually		3.00%/Annually	
Tenant Improvements - New	\$1.50		\$1.50	
Tenant Improvements - Renewals	\$1.00		\$1.00	
Leasing Commissions - New	6.00%		5.00%	
Leasing Commissions - Renewals	3.00%		2.00%	
General Vacancy & Collection Loss	2.0%		5.0%	
Comments				
Compiled by CBRE				

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification

19 Aero Lauderdale (laud_1)

	<u>AEROTERM ASSUMPTIONS</u>	<u>CBRE ASSUMPTION</u>	<u>Comments</u>
General Assumptions			
Start Date	Jul-09	Jun-12	77% current occupancy
Terms of Analysis	22 Years	21 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	2.00%	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$14 NNN, \$6 NNN, \$3.5 NNN	\$14 NNN, \$6 NNN, \$3.5 NNN	Warehouse
Market Rent Two	\$18 gross , \$15 gross	\$18 gross , \$15 gross	Office/Upstairs Office
Market Rent Three	\$3.5 gross	\$3.5 gross	Mezzanine
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	\$0.12/SF	\$0.15/SF	
Market Leasing Assumptions			
Renewal Probability	65.00%-75.00%	75.00%	
Expense Structure	Gross, Net	Gross, Net	
Concessions	None	None	
Downtime Between Leases	6 months	6 months	
Escalations	1.5% and 2.5%	3.0%	
Tenant Improvements - New	\$1.5(warehouse) & 5.00(office)	\$1.5(warehouse) & 5.00(office)	
Tenant Improvements - Renewals	\$1 (warehouse)& \$3.5 (office)	\$1 (warehouse)& \$3.5 (office)	
Leasing Commissions - New	3.5%	5.0%	
Leasing Commissions - Renewals	1.0%-2.5%	2.0%	After lease year 3 the commision goes down to 1%
General Vacancy & Collection Loss	Yr. 1-4 = 1%; 3% thereafter	10.0%	

Comments

Compiled by CBRE

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification

20 Aero Fort Myers (ftmy_1)

	<u>AEROTERM ASSUMPTIONS</u>	<u>CBRE ASSUMPTION</u>	<u>Comments</u>
General Assumptions			
Start Date	Jul-09	Jun-12	80% current occupancy
Terms of Analysis	22 years	20 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	2.00%	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$10 NNN	\$10 NNN	Warehouse
Market Rent Two	N/A	N/A	
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	\$0.12/SF	\$0.15/SF	
Market Leasing Assumptions			
Renewal Probability	75.00%	75.00%	
Expense Structure	Net	Net	
Concessions	None	None	
Downtime Between Leases	6 months	6 months	
Escalations	2.50%	3.0%	
Tenant Improvements - New	\$1.50	\$1.50	
Tenant Improvements - Renewals	\$1.00	\$1.00	
Leasing Commissions - New	3.5%	5.0%	
Leasing Commissions - Renewals	1.0%-2.5%	2.0%	After lease year 3 the commission goes down to 1%
General Vacancy & Collection Loss	Yr. 1-4=1%; 3% thereafter	5.0%	

CommentsCompiled by CBRE

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification

21_Greensmor, Houston, TX 77032

	AEROTERM ASSUMPTIONS	CBRE ASSUMPTION	Comments
General Assumptions			
Start Date	Jul-09	Jun-12	
Terms of Analysis	39 Years	30 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	2.00%	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$3.25 NNN	\$3.25 NNN	Warehouse
Market Rent Two	\$7.50 NNN	\$7.50 NNN	Building J (Retail)
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	\$0.12/SF	\$0.15/sf	
Market Leasing Assumptions			
Renewal Probability	75.00%	75.00%	
Expense Structure	Net	Net	
Concessions	None	None	
Downtime Between Leases (Building Only)	6 Months	6 Months	
Escalations	3.00%	3.0%	
Tenant Improvements - New	\$1.50	\$1.50	
Tenant Improvements - Renewals	\$1.00	\$1.00	
Leasing Commissions - New	3.5% - 2.5%	5.0%	
Leasing Commissions - Renewals	1.0%-2.5%	2.0%	After lease year 3 the commision goes down to 1%
General Vacancy & Collection Loss	1% for 3-yrs.; 3% thereafter	5.0%	
Comments	Fee Simple		

Compiled by CBRE

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification

22 Aero Houston Central (iah_mir)

	<u>AEROTERM ASSUMPTIONS</u>	<u>CBRE ASSUMPTION</u>	<u>Comments</u>
General Assumptions			
Start Date	Jul-09	Jun-12	83% Occupied
Terms of Analysis	14 Years	13 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	2.00%	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$7.50 NNN	\$7.50 NNN	Warehouse
Market Rent Two	\$7.00 NNN	\$7.00 NNN	Office/Warehouse
Market Rent Three	\$6.00 NNN	\$6.00 NNN	Transoceanic Warehouse
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	\$0.12/SF	\$0.15/SF	
Market Leasing Assumptions			
Renewal Probability	75.00%	75.00%	
Expense Structure	Net	Net	
Concessions	None	None	
Downtime Between Leases	6 Months	6 Months	
Escalations	2.00%	3.0%	
Tenant Improvements - New	\$1.50	\$1.50	
Tenant Improvements - Renewals	\$1.00	\$1.00	
Leasing Commissions - New	4.0%	5.0%	
Leasing Commissions - Renewals	2.0%	2.0%	After lease year 3 the commission goes down to 1%
			Aeroterm assumes that the property reaches 95% occupancy in 2015 but occupancy drops in certain years thereafter reflecting projected tenant rollover.
General Vacancy & Collection Loss	1% and 3%	5.0%	

Comments

Compiled by CBRE

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification	23 Houston IAH East		Comments
	AEROTERM ASSUMPTIONS	CBRE ASSUMPTION	
General Assumptions			
Start Date	Jul-09	Jun-12	100% Occupancy
Terms of Analysis	34 Years	31 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	2.00%	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$8.50 NNN	\$8.50 NNN	Warehouse
Market Rent Two	\$11.00 NNN	\$11.00 NNN	Office
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	\$0.12/SF	\$0.15/SF	
Market Leasing Assumptions			
Renewal Probability	75.00%	75.00%	
Expense Structure	Net	Net	
Concessions	None	None	
Downtime Between Leases	6 Months	6 Months	
Escalations	3.00%	3.0%	
Tenant Improvements - New	1.50, \$5.00	\$5.00 Office/\$1.50 Warehouse	
Tenant Improvements - Renewals	\$1, \$3.50	\$3.50 Office/\$1.00 Warehouse	
Leasing Commissions - New	\$2.80 and 3.95%	5.0%	
Leasing Commissions - Renewals	2.80%-1.15%	2.0%	After lease year 3 the commission goes down to 1%
General Vacancy & Collection Loss	1% and 3%	5.0%	Aeroterm has vacancy and collection loss at 3% after 2016.
Comments			
Compiled by CBRE			

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification	24 Aero Houston East II, LP		
	AEROTERM ASSUMPTIONS	CBRE ASSUMPTION	Comments
General Assumptions			
Start Date	Jul-09	Jun-12	
Terms of Analysis	33 Years	31 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	N/A	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$8.50 NNN	\$8.50 NNN	
Market Rent Two	\$11.00 NNN	\$11.00 NNN	Warehouse Office
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	\$0.12/SF	\$0.15/sf	
Market Leasing Assumptions			
Renewal Probability	75.00%	75.00%	
Expense Structure	Net	Net	
Concessions	None	None	
Downtime Between Leases	6 Months	6 Months	
Escalations	2.50%	3.0%	
Tenant Improvements - New	\$1.5(w), \$5(O)	\$1.5(w), \$5(O)	
Tenant Improvements - Renewals	\$1(W), 3.5(O)	\$1(W), 3.5(O)	
Leasing Commissions - New	3.5%	5.0%	
Leasing Commissions - Renewals	1.0%-2.5%	2.0%	After lease year 3 the commision goes down to 1%
General Vacancy & Collection Loss	3.0%	5.0%	
Comments			
Compiled by CBRE			

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification

25 Aero Harrisburg (harr_1)

	<u>AEROTERM ASSUMPTIONS</u>	<u>CBRE ASSUMPTION</u>	<u>Comments</u>
General Assumptions			
Start Date	Jul-11	Jun-12	77% Occupied
Terms of Analysis	19 Years	19 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	2.00%	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$10.50 NNN	\$10.50 NNN	Warehouse
Market Rent Two	4.85 NNN	N/A	
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	\$0.12/SF	\$0.15/SF	
Market Leasing Assumptions			
Renewal Probability	75.00%	80.00%	
Expense Structure	Net	Net	
Concessions	None	None	
Downtime Between Leases	6 Months	6 Months	
Escalations	2.50%	3.0%	
Tenant Improvements - New	\$1.50	\$1.50	
Tenant Improvements - Renewals	\$1.00	\$1.00	
Leasing Commissions - New	3.5%	5.0%	
Leasing Commissions - Renewals	1.0%-2.5%	2.0%	After lease year 3 the commission goes down to 1%
General Vacancy & Collection Loss	2.0%	10.0%	

CommentsCompiled by CBRE

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification	26 JFK	AEROTERM ASSUMPTIONS	CBRE ASSUMPTION	Comments
General Assumptions				
Start Date		Jul-09	Jun-12	
Terms of Analysis		18 Years	17 Years	
Growth Rate Assumptions				
Income Growth		2.50%	3.00%	
Expense Growth		2.00%	3.00%	
Inflation (CPI)		2.00%	3.00%	
Real Estate Tax Growth		2.00%	3.00%	
Market Rates - Year 1 (\$/SF/YR)				
Market Rent One		\$24 NNN office	\$24 NNN office	
Market Rent Two		\$21 NNN Warehouse	\$21 NNN Warehouse	
Market Rent Three		N/A	N/A	
Market Rent Four		N/A	N/A	
Replacement Reserves (\$/SF/YR)		\$0.05/SF	\$0.15/SF	
Market Leasing Assumptions				
Renewal Probability		75.00%	75.00%	
Expense Structure		Net	Net	
Concessions		10% gross revenue	None	
Downtime Between Leases (Building)		6 Months	6 Months	
Escalations		2.50%	3.0%	
Tenant Improvements - New		\$1.50 Warehouse/\$7.50 Office	\$1.50 Warehouse/\$7.50 Office	
Tenant Improvements - Renewals		\$1.00 Warehouse/\$5.00 Office	\$1.00 Warehouse/\$5.00 Office	
Leasing Commissions - New		3.5%	5.0%	
Leasing Commissions - Renewals		1.0%-2.5%	2.0%	After lease year 3 the commission goes down to 1%
General Vacancy & Collection Loss		1.0%	3.0%	
Comments				
The building/ramp ground leases have expiration dates of 7/28. Taxilane ground leases expire beforehand.				
Compiled by CBRE				

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification

27_Aero Kansas City (kans_1)

	<u>AEROTERM ASSUMPTIONS</u>	<u>CBRE ASSUMPTION</u>	<u>Comments</u>
General Assumptions			
Start Date	Jul-09	Jun-12	72% Occupied
Terms of Analysis	20 Years	19 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	2.00%	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$5 NNN	\$5 NNN	Warehouse/Office
Market Rent Two	\$11 NNN	\$11 NNN	Cargo Warehouse
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	\$0.12/SF	\$0.15/SF	
Market Leasing Assumptions			
Renewal Probability	65.00%-75.00%	75.00%	
Expense Structure	Net	Net	
Concessions	None	None	
Downtime Between Leases (Building Only)	6-12 Months	6 Months	
Escalations	2.50%	3.0%	
Tenant Improvements - New	\$5.0(office); 1.5(warehouse)	\$5.0(office); 1.5(warehouse)	
Tenant Improvements - Renewals	\$3.5(office); 1.0(warehouse)	\$3.5(office); 1.0(warehouse)	
Leasing Commissions - New	3.5%	5.0%	
Leasing Commissions - Renewals	1.0%-2.5%	2.0%	After lease year 3 the commission goes down to 1%
			Aeroterm assumes the property to reach 95% occupancy by 2015 but occupancy drops in certain years thereafter based upon projected tenant rollover.
General Vacancy & Collection Loss	1%; 3%	5.0%	

Comments

Compiled by CBRE

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification

28_Aero Louisville (louis_1)

	<u>AEROTERM ASSUMPTIONS</u>	<u>CBRE ASSUMPTION</u>	<u>Comments</u>
General Assumptions			
Start Date	Jul-09	Jun-12	
Terms of Analysis	9 Years	7 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	2.00%	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$13.30 NNN	\$13.30 NNN	Warehouse
Market Rent Two	N/A	N/A	
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	\$0.12/SF	\$0.15/SF	
Market Leasing Assumptions			
Renewal Probability	75.00%	75.00%	
Expense Structure	Net	Net	
Concessions	None	None	
Downtime Between Leases (Building)	6 Months	6 Months	
Escalations	2.50%	3.0%	
Tenant Improvements - New	\$1.50	\$1.50	
Tenant Improvements - Renewals	\$1.00	\$1.00	
Leasing Commissions - New	3.5%	5.0%	
Leasing Commissions - Renewals	1.0%-2.5%	2.0%	After lease year 3 the commission goes down to 1%
General Vacancy & Collection Loss	1.0%	0.0%	
Comments	Market Leasing Assumptions Do Not Apply As This Facility Is Leased Through The Ground Lease Term		
Compiled by CBRE			

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification

29_Miami_I (miami_1)

	<u>AEROTERM ASSUMPTIONS</u>	<u>CBRE ASSUMPTION</u>	<u>Comments</u>
General Assumptions			
Start Date	Jul-09	Jun-12	100% Occupied
Terms of Analysis	16 Years	15 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.50%	3.00%	
Inflation (CPI)	2.50%	3.00%	
Real Estate Tax Growth	2.50%	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$5.00 NNN	\$16.00 NNN	Warehouse
Market Rent Two	N/A	N/A	
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	\$0.05/SF	\$0.15/SF	
Market Leasing Assumptions			
Renewal Probability	75.00%	75.00%	
Expense Structure	Net	Net	
Concessions	None	None	
Downtime Between Leases	6 Months	6 Months	
Escalations	2.50%	3.0%	
Tenant Improvements - New	\$2.00	\$2.00	
Tenant Improvements - Renewals	\$1.00	\$1.00	
Leasing Commissions - New	3.5%	5.0%	
Leasing Commissions - Renewals	1.0%-2.5%	2.0%	After lease year 3 the commission goes down to 1%
General Vacancy & Collection Loss	2.0%	0.0%	
Comments Market Leasing Assumptions Do Not Apply As This Facility Is Leased Through The Ground Lease Term			

Compiled by CBRE

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification

30 Aero Miami II (miami_2)

	<u>AEROTERM ASSUMPTIONS</u>	<u>CBRE ASSUMPTION</u>	<u>Comments</u>
General Assumptions			
Start Date	Jul-09	Jun-12	100% Occupied
Terms of Analysis	16 Years	15 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	2.00%	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$5.00 NNN	\$16.00 NNN	Warehouse
Market Rent Two	N/A	N/A	
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	\$0.05/SF	\$0.15/SF	
Market Leasing Assumptions			
Renewal Probability	75.00%	75.00%	
Expense Structure	Net	Net	
Concessions	None	None	
Downtime Between Leases	6 Months	6 Months	
Escalations	3.00%	3.0%	
Tenant Improvements - New	\$2.00	\$2.00	
Tenant Improvements - Renewals	\$1.00	\$1.00	
Leasing Commissions - New	3.5%	5.0%	
Leasing Commissions - Renewals	1.0%-2.5%	2.0%	After lease year 3 the commission goes down to 1%
General Vacancy & Collection Loss	2.0%	0.0%	
Comments	Market Leasing Assumptions Do Not Apply As This Facility Is Leased Through The Ground Lease Term		
Compiled by CBRE			

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification

31 Aero Milwaukee (milw_1)

	<u>AEROTERM ASSUMPTIONS</u>	<u>CBRE ASSUMPTION</u>	<u>Comments</u>
General Assumptions			
Start Date	Jul-09	Jun-12	82.7% Occupied
Terms of Analysis	15 Years	8 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	2.00%	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$10.00 NNN	\$10.00 NNN	Warehouse
	\$6.50 NNN	N/A	Aeroterms used on vacancy, goes to \$10/SF after 2014
Market Rent Two			
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	\$0.12/SF	\$0.15/SF	
Market Leasing Assumptions			
Renewal Probability	75.00%	75.00%	
Expense Structure	Net	Net	
Concessions	None	None	
Downtime Between Leases	6 Months	6 Months	
Escalations	2.50%	3.0%	
Tenant Improvements - New	\$2.00(w); \$5.00(o)	\$2.00(w); \$5.00(o)	
Tenant Improvements - Renewals	\$1(w); \$3.50(o)	\$1(w); \$3.50(o)	
Leasing Commissions - New	3.5%	5.0%	
Leasing Commissions - Renewals	1.0%-2.5%	2.0%	After lease year 3 the commission goes down to 1%
General Vacancy & Collection Loss	1.0%	8.0%	Aeroterms assumes the property to reach 96% occupancy in 2014.

Comments

Compiled by CBRE

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification

32 Aero New Orleans 1-5_(msy15mir)

	<u>AEROTERM ASSUMPTIONS</u>	<u>CBRE ASSUMPTION</u>	<u>Comments</u>
General Assumptions			
Start Date	Jul-09	Jun-12	83% Occupied
Terms of Analysis	15 Years	14 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	2.00%	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$6.50 NNN	\$6.50 NNN	Warehouse
Market Rent Two	N/A	N/A	
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	\$0.12/SF	\$0.15/SF	
Market Leasing Assumptions			
Renewal Probability	75.00%	75.00%	
Expense Structure	Net	Net	
Concessions	None	None	
Downtime Between Leases (Building)	6 Months	6 Months	
Escalations	2.50%	3.0%	
Tenant Improvements - New	\$1.50	\$1.50	
Tenant Improvements - Renewals	\$1.00	\$1.00	
Leasing Commissions - New	3.95%	5.0%	
Leasing Commissions - Renewals	1.15%-2.8%	2.0%	After lease year 3 the commission goes down to 1.15% Aeroterms assumes the property will reach 95% occupancy in 2013.
General Vacancy & Collection Loss	1.0%	5.0%	

Comments

Compiled by CBRE

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification

33_Aero New Orleans 7 (msy7_mir)

	<u>AEROTERM ASSUMPTIONS</u>	<u>CBRE ASSUMPTION</u>	<u>Comments</u>
General Assumptions			
Start Date	Jul-09	Jun-12	100% occupied
Terms of Analysis	39 Years	35 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	2.00%	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$5.00 NNN	\$4.50	Warehouse
Market Rent Two	\$8.00 NNN	\$8.00 NNN	Office
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	\$0.12/SF	\$0.15/SF	
Market Leasing Assumptions			
Renewal Probability	75.00%	75.00%	
Expense Structure	Net	Net	
Concessions	None	None	
Downtime Between Leases	6 Months	6 Months	
Escalations	2.50%	3.0%	
Tenant Improvements - New	\$1.5(w); \$5.0(o)	\$1.5(w); \$5.0(o)	
Tenant Improvements - Renewals	\$1(w); \$3.50(o)	\$1(w); \$3.50(o)	
Leasing Commissions - New	3.95%	5.0%	
Leasing Commissions - Renewals	1.15%-2.8%	2.0%	After lease year 3 the commission goes down to 1.15%
General Vacancy & Collection Loss	1.0%	5.0%	Aeroterm has vacancy and collection loss at 3% after 2016.

Comments

Compiled by CBRE

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification	34_Aero Newark (newa_1)		
	<u>AEROTERM ASSUMPTIONS</u>	<u>CBRE ASSUMPTION</u>	<u>Comments</u>
General Assumptions			
Start Date	Jul-10	Jun-12	81% Occupied
Terms of Analysis	9 Years	9 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	2.00%	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$35.00 Gross	\$35.00 Gross	Office / Small Office
Market Rent Two	\$15.00 NNN	\$15.00 Gross	Warehouse
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	N/A	\$0.15/SF	Roofs are new and other items are entirely recoverable.
Market Leasing Assumptions			
Renewal Probability	50.00%-75.00%	75.00%	
Expense Structure	Net(w)/Gross(o)	Net	
Concessions	None	None	
Downtime Between Leases	6-18 Months	6 Months	
Escalations	2.50%	3.0%	
Tenant Improvements - New	\$5(w); \$15.0(o)	\$1.5(w); \$5.0(o); \$2.11	
Tenant Improvements - Renewals	\$3.50(w); \$5.00(o)	\$1(w); \$3.50(o); \$1.44	
Leasing Commissions - New	3.95%	5.0%	
Leasing Commissions - Renewals	1.15%-2.8%	2.0%	After lease year 3 the commission goes down to 1.15%
General Vacancy & Collection Loss	2.0%	10.0%	Aeroterm assumes the property to reach 98% occupancy in 2016 but occupancy drops in certain years thereafter reflecting projected tenant rollover.
Comments	Conservative renewal probability and downtime factors are applied to small offices within the buildings.		
Compiled by CBRE			

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification

35 Aero Norfolk (norf_1)

	<u>AEROTERM ASSUMPTIONS</u>	<u>CBRE ASSUMPTION</u>	<u>Comments</u>
General Assumptions			
Start Date	Jul-09	Jun-12	
Terms of Analysis	19 Years	19 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	2.00%	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$12.00/Net	\$11.00/Net	Warehouse/Office
Market Rent Two	\$7.00/Net	N/A	
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	\$0.12/SF	\$0.15/SF	
Market Leasing Assumptions			
Renewal Probability	75.00%	75.00%	
Expense Structure	Net	Net	
Concessions	None	None	
Downtime Between Leases	6 Months	6 Months	
Escalations	3.00%	3.0%	
Tenant Improvements - New	\$1.5(w); \$5.0(o)	\$1.5(w); \$5.0(o)	
Tenant Improvements - Renewals	\$1(w); \$3.50(o)	\$1(w); \$3.50(o)	
Leasing Commissions - New	3.50%	5.0%	
Leasing Commissions - Renewals	2.50%; 1%	2.0%	After lease year 3 the commission goes down to 1.00%
General Vacancy & Collection Loss	1.0%	10.0%	Aeroterm assumes the property will reach 95% occupancy in 2014.
Comments			
Compiled by CBRE			

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification	36_Aero_Oklahoma (okla_1)		
	AEROTERM ASSUMPTIONS	CBRE ASSUMPTION	Comments
General Assumptions			
Start Date	Jul-09	Jun-12	
Terms of Analysis	12 Years	21 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	2.00%	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$5.13	\$5.50	Warehouse
Market Rent Two	\$3.00	\$5.50	Shenker
Market Rent Three	\$7.00	\$7.00	Fed Ex
Market Rent Four			
Replacement Reserves (\$/SF/YR)	\$0.12/SF	\$0.15/SF	
Market Leasing Assumptions			
Renewal Probability	75.00%	75.00%	
Expense Structure	Net	Net	
Concessions	None	None	
Downtime Between Leases	6 Months	6 Months	
Escalations	2.50%	3.0%	
Tenant Improvements - New	\$1.50	\$1.50	
Tenant Improvements - Renewals	\$1.00	\$1.00	
Leasing Commissions - New	3.50%	5.0%	
Leasing Commissions - Renewals	2.50%; 1%	2.0%	After lease year 3 the commission goes down to 1.00% Aeroterms has vacancy and collection loss at 3% after 2016.
General Vacancy & Collection Loss	1.0%	5.0%	
Comments			
Compiled by CBRE			

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification

A37_Aero Orlando (orla_1)

	<u>AEROTERM ASSUMPTIONS</u>	<u>CBRE ASSUMPTION</u>	<u>Comments</u>
General Assumptions			
Start Date	Jul-09	Jun-12	48% Occupied
Terms of Analysis	22 Years	21 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	2.00%	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$6.50	\$6.50	NNN Warehouse
Market Rent Two	\$2.00	N/A	NNN Warehouse
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	\$0.12/SF	\$0.15/SF	
Market Leasing Assumptions			
Renewal Probability	75.00%	75.00%	
Expense Structure	Net	Net	
Concessions	None	None	
Downtime Between Leases	6 Months	6 Months	
Escalations	2.50%	3.0%	
Tenant Improvements - New	\$1.50	\$1.50	
Tenant Improvements - Renewals	\$1.00	\$1.00	
Leasing Commissions - New	3.50%	5.0%	
Leasing Commissions - Renewals	2.50%; 1%	2.0%	After lease year 3 the commission goes down to 1.00% Aeroterms assumes the property will reach 95% occupancy in 2015.
General Vacancy & Collection Loss	1.0%	15.0%	

Comments

Compiled by CBRE

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification

38_Orlando_II (orla2)

	AEROTERM ASSUMPTIONS	CBRE ASSUMPTION	Comments
General Assumptions			
Start Date	Jul-09	Jun-12	79% Occupied
Terms of Analysis	36 Years	25 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	2.00%	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$10.00/Gross	\$10.00/Gross	Office
Market Rent Two	\$4.00/Net	\$4.00/Net	Warehouse
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	\$0.12/SF	\$0.15/SF	
Market Leasing Assumptions			
Renewal Probability	75.00%	75.00%	
Expense Structure	Net	Net	
Concessions	None	None	
Downtime Between Leases	6 Months	6 Months	
Escalations	2.50%	3.0%	
Tenant Improvements - New	\$1.50	\$1.50	
Tenant Improvements - Renewals	\$1.00	\$1.00	
Leasing Commissions - New	3.5%; 2.5%	5.0%	
Leasing Commissions - Renewals	2.50%; 1%	2.0%	After lease year 3 the commission goes down to 1.00% Aeroterm assumes the property will reach 96% occupancy in 2015.
General Vacancy & Collection Loss	1.0%	5.0%	
Comments			
Land lease has two 5-year renewal options that were not modeled.			
Compiled by CBRE			

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification

39_Aero Pensacola (pns_mir)

	AEROTERM ASSUMPTIONS	CBRE ASSUMPTION	Comments
General Assumptions			
Start Date	Jul-09	Jun-12	60% Occupied
Terms of Analysis	15 Years	14 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	2.00%	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$8.00/Net	\$10.00/Net	Warehouse
Market Rent Two	N/A	N/A	
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	\$0.12/SF	\$0.15/SF	
Market Leasing Assumptions			
Renewal Probability	75.00%	75.00%	
Expense Structure	Net	Net	
Concessions	None	None	
Downtime Between Leases	6 Months	6 Months	
Escalations	2.50%	3.0%	
Tenant Improvements - New	\$1.50	\$1.50	
Tenant Improvements - Renewals	\$1.00	\$1.00	
Leasing Commissions - New	3.5%; 2.5%	5.0%	
Leasing Commissions - Renewals	2.50%; 1%	2.0%	After lease year 3 the commission goes down to 1.00%
General Vacancy & Collection Loss	1.0%	5.0%	
Comments			
	Our analysis is based on the land lease abstract, which indicates a final expiration data of December 2018.		

Compiled by CBRE

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification

40_Aero Philadelphia C-7 (phl_mir)

	<u>AEROTERM ASSUMPTIONS</u>	<u>CBRE ASSUMPTION</u>	<u>Comments</u>
General Assumptions			
Start Date	Jul-09	Jun-12	90.2% Occupied
Terms of Analysis	15 Years	14 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	2.00%	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$17.00/Net	\$20.00/Net	Warehouse
Market Rent Two	N/A	N/A	
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	\$0.12/SF	\$0.15/SF	
Market Leasing Assumptions			
Renewal Probability	75.00%	75.00%	
Expense Structure	Net	Net	
Concessions	None	None	
Downtime Between Leases	6 Months	6 Months	
Escalations	2.50%	3.0%	
Tenant Improvements - New	\$1.50	\$1.50	
Tenant Improvements - Renewals	\$1.00	\$1.00	
Leasing Commissions - New	3.50%	5.0%	
Leasing Commissions - Renewals	2.50%; 1%	2.0%	After lease year 3 the commission goes down to 1.00% Aeroterm assumes the property will reach 96% occupancy in 2014.
General Vacancy & Collection Loss	1.0%	5.0%	

CommentsCompiled by CBRE

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification

41 Philadelphia International Grays Ferry (phil_fe)

	<u>AEROTERM ASSUMPTIONS</u>	<u>CBRE ASSUMPTION</u>	<u>Comments</u>
General Assumptions			
Start Date	Jul-09	Jun-12	100% Occupied
Terms of Analysis	39 Years	30 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	2.00%	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$8.00/Net	\$8.00/Net	Warehouse
Market Rent Two	N/A	N/A	
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	\$0.12/SF	\$0.15/SF	
Market Leasing Assumptions			
Renewal Probability	75.00%	100.00%	
Expense Structure	Net	Net	
Concessions	None	None	
Downtime Between Leases	6 Months	6 Months	
Escalations	2.50%	3.0%	
Tenant Improvements - New	\$1.50	\$1.50	
Tenant Improvements - Renewals	\$1.00	\$1.00	
Leasing Commissions - New	3.50%	5.0%	
Leasing Commissions - Renewals	2.50%; 1%	2.0%	After lease year 3 the commission goes down to 1.00%
General Vacancy & Collection Loss	1.0%	0.0%	

CommentsCompiled by CBRE

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification

42_Aero Philadelphia (phil_1)

	<u>AEROTERM ASSUMPTIONS</u>	<u>CBRE ASSUMPTION</u>	<u>Comments</u>
General Assumptions			
Start Date	Jul-09	Jun-12	93.3% Occupied
Terms of Analysis	20 Years	19 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	2.00%	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$17.00/Net	\$18.00/Net	Warehouse
Market Rent Two	N/A	N/A	
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	\$0.12/SF	\$0.15	
Market Leasing Assumptions			
Renewal Probability	75.00%	75.00%	
Expense Structure	Net	Net	
Concessions	None	None	
Downtime Between Leases	6 Months	6 Months	
Escalations	3.00%	3.0%	
Tenant Improvements - New	\$1.50	\$1.50	
Tenant Improvements - Renewals	\$1.00	\$1.00	
Leasing Commissions - New	3.50%	5.0%	
Leasing Commissions - Renewals	2.50%; 1%	2.0%	After lease year 3 the commission goes down to 1.00%
General Vacancy & Collection Loss	1.0%	5.0%	Aeroterm has vacancy and collection loss at 3% after 2016.

Comments

Compiled by CBRE

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification

43_Aero Portland OR I (port_1)

	<u>AEROTERM ASSUMPTIONS</u>	<u>CBRE ASSUMPTION</u>	<u>Comments</u>
General Assumptions			
Start Date	Jul-09	Jun-12	100% Occupied
Terms of Analysis	19 Years	8 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	2.00%	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$3.50/Net	\$3.50/Net	Warehouse
Market Rent Two	\$7.00/Net	\$7.00/Net	Cargo Warehouse
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	\$0.12/SF	\$0.15/SF	
Market Leasing Assumptions			
Renewal Probability	75.00%	75.00%	
Expense Structure	Net	Net	
Concessions	None	None	
Downtime Between Leases	6 Months	6 Months	
Escalations	2.50%	3.0%	
Tenant Improvements - New	\$1.50	\$1.50	
Tenant Improvements - Renewals	\$1.00	\$1.00	
Leasing Commissions - New	3.50%	5.0%	
Leasing Commissions - Renewals	2.50%; 1%	2.0%	After lease year 3 the commission goes down to 1.00% Aeroterm has vacancy and collection loss at 3% after 2016.
General Vacancy & Collection Loss	1.0%	5.0%	
Comments			
Our ARGUS runs demonstrate discontinuation of economic rights to cash flows after 2019.			
Compiled by CBRE			

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification

44_Portland II (pdx5337)

	<u>AEROTERM ASSUMPTIONS</u>	<u>CBRE ASSUMPTION</u>	<u>Comments</u>
General Assumptions			
Start Date	Jul-09	Jun-12	69.7% Occupied
Terms of Analysis	17 Years	15 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	2.00%	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$5.00/Net	\$5.00/Net	On-Airport
Market Rent Two	\$2.50/Net	\$4.00/Net	Off-Airport
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	\$0.12/SF	\$0.15/SF	
Market Leasing Assumptions			
Renewal Probability	75.00%	65% - 75%	
Expense Structure	Net	Net	
Concessions	None	None	
Downtime Between Leases	6 Months	6 Months	
Escalations	2.50%	3.0%	
Tenant Improvements - New	\$1.50	\$1.50	
Tenant Improvements - Renewals	\$1.00	\$1.00	
Leasing Commissions - New	3.50%	5.0%	
Leasing Commissions - Renewals	2.50%; 1%	2.0%	After lease year 3 the commission goes down to 1.00%
General Vacancy & Collection Loss	1.0%	10.0%	Aeroterm assumes the property will reach 100% occupancy in 2015.

CommentsCompiled by CBRE

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification

45 Aero Portland, ME (pwmye261)

	AEROTERM ASSUMPTIONS	CBRE ASSUMPTION	Comments
General Assumptions			
Start Date	Jul-09	Jun-12	100% Occupied
Terms of Analysis	34 Years	33 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	2.00%	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$9.80/Net	\$10.50/Net	Warehouse
Market Rent Two	N/A	N/A	
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	\$0.12/SF	\$0.15/SF	
Market Leasing Assumptions			
Renewal Probability	75.00%	100.00%	
Expense Structure	Net	Net	
Concessions	None	None	
Downtime Between Leases	6 Months	6 Months	
Escalations	2.50%	3.0%	
Tenant Improvements - New	\$1.50	\$1.50	
Tenant Improvements - Renewals	\$1.00	\$1.00	
Leasing Commissions - New	3.50%	5.0%	
Leasing Commissions - Renewals	2.50%; 1%	2.0%	After lease year 3 the commission goes down to 1.00%
General Vacancy & Collection Loss	1.0%	0.0%	

CommentsCompiled by CBRE

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification	46_Richenbacker (lckfedx)		
	AEROTERM ASSUMPTIONS	CBRE ASSUMPTION	Comments
General Assumptions			
Start Date	Jul-09	Jun-12	100% Occupied Should be 43 years but Argus does not go any further than 40 years.
Terms of Analysis	39 Years	40 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	2.00%	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$4.00	\$4.00	Hub
Market Rent Two	\$2.50	\$2.50	Hangar
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	\$0.12/SF	\$0.15/SF	
Market Leasing Assumptions			
Renewal Probability	75.00%	75.00%	
Expense Structure	Net	Net	
Concessions	None	None	
Downtime Between Leases	6 Months	6 Months	
Escalations	2.50%	3.0%	
Tenant Improvements - New	\$1.50	\$1.50	
Tenant Improvements - Renewals	\$1.00	\$1.00	
Leasing Commissions - New	3.50%	5.0%	
Leasing Commissions - Renewals	2.50%; 1%	2.0%	After lease year 3 the commission goes down to 1.00%
General Vacancy & Collection Loss	1.0%	5.0%	
Comments	The land lease expires 12/31/2055. However, the Argus software is limited to a forty year investment window.		

Compiled by CBRE

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification

47_Aero South Bend FX (sbn5301)

	<u>AEROTERM ASSUMPTIONS</u>	<u>CBRE ASSUMPTION</u>	<u>Comments</u>
General Assumptions			
Start Date	Jul-09	Jun-12	100% Occupied
Terms of Analysis	30 Years	28 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	2.00%	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$5.00	\$5.00	NNN warehouse
Market Rent Two	N/A	N/A	
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	\$0.12/SF	\$0.15/SF	
Market Leasing Assumptions			
Renewal Probability	75.00%	100.00%	
Expense Structure	Net	Net	
Concessions	None	None	
Downtime Between Leases	6 Months	6 Months	
Escalations	2.50%	3.0%	
Tenant Improvements - New	\$1.50	\$1.50	
Tenant Improvements - Renewals	\$1.00	\$1.00	
Leasing Commissions - New	3.50%	5.0%	
Leasing Commissions - Renewals	2.50%; 1%	2.0%	After lease year 3 the commission goes down to 1.00%
General Vacancy & Collection Loss	1.0%	0.0%	

CommentsCompiled by CBRE

SUMMARY OF CASH FLOW ASSUMPTIONS

Property Identification

48_Aero Syracuse (sya_1)

	<u>AEROTERM ASSUMPTIONS</u>	<u>CBRE ASSUMPTION</u>	<u>Comments</u>
General Assumptions			
Start Date	Jul-09	Jun-12	54.7% Occupied
Terms of Analysis	23 Years	22 Years	
Growth Rate Assumptions			
Income Growth	2.50%	3.00%	
Expense Growth	2.00%	3.00%	
Inflation (CPI)	2.00%	3.00%	
Real Estate Tax Growth	2.00%	3.00%	
Market Rates - Year 1 (\$/SF/YR)			
Market Rent One	\$12.00/Gross	\$12.00/Gross	Office
Market Rent Two	\$6.00/Gross-\$12.00/Net	\$12.00/Net	Warehouse
Market Rent Three	N/A	N/A	
Market Rent Four	N/A	N/A	
Replacement Reserves (\$/SF/YR)	\$0.05/SF	\$0.15/sf	
Market Leasing Assumptions			
Renewal Probability	75.00%	75.00%	
Expense Structure	Gross (O)/Gross (W)/Net(W)	Gross (O)/Net(W)	
Concessions	None	None	
Downtime Between Leases	6 Months	6 Months	
Escalations	2.50%	3.0%	
Tenant Improvements - New	\$1.5(w); \$5(o)	\$1.5(w); \$5(o)	
Tenant Improvements - Renewals	\$1(w); \$3.5(o)	\$1(w); \$3.5(o)	
Leasing Commissions - New	3.50%	5.0%	
Leasing Commissions - Renewals	2.50%; 1%	2.0%	After lease year 3 the commission goes down to 1.00%
General Vacancy & Collection Loss	1.0%	15.0%	Aeroterm assumes occupancy stabilizes at 96% in 2024.
Comments			
Compiled by CBRE			

PROFESSIONAL PROFILE



P. BARTON DELACY

Director,
Valuation & Advisory
National Energy Practice

T: 312.233.8672

F: 312.233.8660

p.barton.delacy@cbre.com

SUMMARY

P. Barton DeLacy joined CBRE's Valuation & Advisory Group in 2012 as Director of its National Energy Practice. Based in the firm's downtown Chicago office, Mr. DeLacy has extensive valuation consulting experience across the spectrum of energy generating facilities; from renewables to fossil fuel-based thermal power plants. He has built valuation models and studied property value impacts made by wind farms and co-generation power generating plants. He has also developed adaptive re-use studies for obsolete thermal plants.

His white paper, "Wind Farms- A Valuation Primer," was recently published in The Appraisal Journal, the leading peer-reviewed publication of the Appraisal Institute.

He has prepared testimony for Federal and state energy siting councils and the Environmental Protection Agency in Oregon, Washington, New York and Montana.

Prior to joining CBRE, Mr. DeLacy led Valuation Consulting at Cushman & Wakefield ("C&W") as National Practice Leader from 2006 to 2012. He also led the Energy Group focusing on siting and valuation issues involving power generation and transmission. He joined the firm as Director, was promoted to Managing Director in 2006 then to Senior Managing Director in 2010.

Before joining C&W in 2004, Mr. DeLacy spent over 20 years as a partner or principal of fee appraisal and consulting firms based in Portland, Oregon. From 1998-2002 he led the real estate consulting practice in the Pacific Northwest for Arthur Andersen LLP.

SELECT VALUATION AND LAND USE EXPERIENCE

ENERGY RELATED ENGAGEMENTS

- Valued proposed utility scale solar power plant on leased airport land in Rockford, Illinois.
- Valued potential avigation easement for US Navy over proposed utility-scale wind farm near its Boardman bombing range in Morrow Co., Oregon.
- Retained as consultant by Arizona Board of State Lands to help negotiate long term leases for proposed wind farm on state owned land near the Grand Canyon.
- Retention as valuation consultant by Indiana County in assessment negotiations with major independent system operator (ISO) on 2,000 MW coal-gas thermal power plant.
- Development of adaptive reuse study for wholesale power supplier on a gas power plant that may be converted to a peaker station on the California Coast.
- Impact study on proposed wind farm in managed forests of Cumberland Plateau in Tennessee.
- Solar farm valuations subject to Feed-in-Tariffs in Ontario, Canada.
- Valuation of proposed bio-mass synthetic gas plant in Fremont, Michigan.



CBRE

PROFESSIONAL PROFILE

- Valuations of Onyx Ranch proposed utility scale solar and wind farm projects near Mojave Desert in California.
- Collateral valuation of ethanol plant with 102 million gallon nameplate capacity in South Bend, Indiana
- Valuations of proposed utility scale wind and solar projects on Onyx Ranch in Kern Co., CA
- Collateral valuation of 120 MW coal-burning power plant for conversion to plasma gasification near Fall River, Massachusetts
- Valuation of proposed 400 MW utility scale wind power project on Island of Lanai in Hawaii
- Impact studies on Kittitas Valley, Wild Horse Wind Projects, Ellensburg, Washington; similar studies for Cohocton, Marble River, Dairy Hills and Jericho Rise Wind Farms, all in New York
- Impact study for proposed California/Oregon gas power co-generation plant, Klamath Co., Oregon
- Valuations of Scotia, California co-generation power plant, lumber mills, townsite in bankruptcy proceedings for large wood products producer

LITIGATION SUPPORT

Mr. DeLacy has appeared as an expert witness or prepared expert testimony in eminent domain proceedings, property damages cases, bankruptcy hearings, land use hearings and property tax appeals. He has analyzed rural land use impacts and performed valuations for siting energy facilities including wind turbine “farms” and power generating plants.

Specifically, Mr. DeLacy has qualified as an expert witness in real property valuation cases for United States Circuit Courts in Oregon and Northern California, for Oregon State Tax Court, for Oregon Circuit Courts in Washington, Clackamas, Marion, Lane and Multnomah Counties. Mr. DeLacy has presented expert testimony in property tax appeals at various levels in Oregon, Washington, Missouri, Georgia, Illinois and Montana. He has also been retained by the US Department of Justice and Internal Revenue Service as a valuation expert.

RELEVANT DISPUTE RESOLUTION AND PUBLIC TESTIMONY

- Testimony before Lowndes County Board of Equalization re: property tax appeal regarding Magnolia Grove, base housing project, Moody AFB, Valdosta, Georgia, 2011
- Testimony before Illinois Property Tax Appeal Board, re: Lincolns Landing, St. Clair County
- Served on three-member American Arbitration Association Panel: Shannon v. Mackay, AAA Case No 74 180 Y 0067208 DEAR, May 2009, San Francisco, CA
- Testimony before St. Clair County Property Tax Appeal Board re: Scott Air



PROFESSIONAL PROFILE

Force Base Housing, 2008, 2011

- Oregon Tax Court, mediation at Magistrate Level on property tax appeal made by Siltronic Corporation, 2005
- Cooper v. City of Ashland, USDC Case No. C-00-1146-PJH, witness for the City Of Ashland, US District Ct. for Northern California, December, 2002
- Jantzen Beach Associates, LLC v. Jantzen Dynamic Corp.; MBK NW, Circuit City Stores, Inc., Multnomah County Circuit Ct., March 2002
- Fohl v. Fohl valuation of partial interests in divorce proceeding; Washington Co. Circuit Court, January 2002
- US v. Malcolm McGregor et al. 02-03425-rid (USBC Ore.) deposition only as witness for US Department of Justice, Tax Division, July 2003
- Prepared written and oral testimony for EFSEC, the Energy Facility Site Evaluation Council of Washington State for wind power projects, as expert for applicants, in Kittitas County, 2005-7
- Private arbitration panel resolved price to be paid on land donation from Riverview Cemetery to Lewis and Clark College in Portland, OR, 1997.
- Right of Way testimony prepared for State of Oregon, Mission Street project, 1985-86
- Member of American Arbitration Association panel of experts 1988-1998

PROFESSIONAL DESIGNATIONS

- Fellow, the Royal Institution of Royal Chartered Surveyors (FRICS)- 2005
- CRE Member, Counselors of Real Estate- 2003
- ASA Member, Urban Properties, American Society of Appraisers- 2002
- MAI Member, Appraisal Institute- 1983
- SRA Member, Appraisal Institute- 1980

ARTICLES PUBLISHED/ MAJOR PRESENTATIONS

- "Renewable Energy: Headwinds Ahead?" Real Estate Issues, The Counselors of Real Estate, Vol. 36, No. 3, 2011
- Panel presenter, Illinois Wind Working Group Annual Conference, Illinois Institute of Technology, Chicago, IL (July 21-22, 2011)
- "Wind Farms- A Valuation Primer," Appraisal Journal, Appraisal Institute, Winter 2011
- Presentation Faculty at Law Seminars International Symposium on Land Use Impacts of Wind Energy, Vancouver Hilton, February 11-12, 2007



PROFESSIONAL PROFILE

- "Turbine land-use challenges should blow over" Daily Journal of Commerce Value Added column February 2, 2006
- "A LULU of a Case: Gauging Property Value Impacts in Rural Areas," Real Estate Issues, The Counselors of Real Estate, Fall 2004.
- "Open Spaces, Empty Vistas", Brainstorm NW, July 2003
- "Seattle Creek Initiative Has Profound Implications", Puget Sound Business Journal, Vol. 23, No. 49, April 10, 2003
- "Real Estate Strategies: Using Technology to Help Convert Secondary Lands to Highest and Best Use", presented at 2002 OSCPA Forest Products Conference, Eugene, OR, June 2002
- "Health Care Clients Rely on GIS and Web Portal to Manage Real Estate", white paper presented in Washington DC at ESRI Global Healthcare Conference November 2001, published on website, Feb. 2002
- "Highest and Best Use Should Guide Prison Siting" Corrections Compendium, American Correctional Association, February 1998
- "The Emerging role of GIS in Real Estate Development Planning" with Kenneth J. Dueker, Journal of the American Planning Association, American Planning Association. 1990.
- "Cash Equivalency for Residential Appraising," *The Appraisal Journal*, American Institute of Real Estate Appraisers, January 1983

LICENSES/ CERTIFICATIONS

Mr. DeLacy is a duly Certified General Real Estate Appraiser in the following states:

- Illinois, license no. 553.001797
- Oregon, license no. C000089
- New York, license no. 46000047021
- Washington, license no. 1100107
- California, license no. AG034219
- Kansas, license no. G-2235
- Missouri, license no. 2005035957
- Colorado, license no. 1000006312
- Alaska, license no. 637
- Iowa, license no. CG02930
- Michigan, License Number 1201073739
- Massachusetts, License Number 103170
- Indiana, license no. CG41001248
- Wisconsin, License No. 1678-010



PROFESSIONAL PROFILE

COMMUNITY SERVICE

- Member (representing ASA) Illinois Coalition of Appraiser Professionals (ICAP)
- Vice Chair, Real Estate Advisory Board for The Catholic Charities of Chicago (2008 to date)
- Executive Committee, Board of Directors, Counselors of Real Estate 2012-13
- Board of Directors, Minds Matter of Chicago (2008 to date)
- Mt. Angel Abbey Foundation Trustee (2003 -2011)

EDUCATION

- Portland State University; Master of Urban Planning (MUP)- 1988
- Willamette University, Salem, Oregon; Bachelor of Arts (BA)- 1975
- University of Oregon School of Law, Eugene, Oregon- 1976-7
- School of Irish Studies, Dublin, Ireland- 1974



Organization and Key Team Members

Town of Orangetown, NY



ROLF M. KEMEN
 Managing Director
 Public Institutions & Education
 Solutions Group

T: 952.656.2702
 F: 952.831.8023
 C: 516.816.5739

rolf.kemen@cbre.com

CLIENTS REPRESENTED

- Cap Gemini Ernst & Young
- Catholic Charities
- Cigna
- Commonwealth of Virginia
- Davis Polk & Wardwell
- Discover Financial
- Dun & Bradstreet
- Earthgrains
- FDIC
- Gale & Wentworth
- General Services Admin.
- Hill’s Pet Nutrition
- Hyundai
- Maricopa County
- Medco
- Mentor Graphics
- Mercy College
- Northrop Grumman
- Orange County Transportation Authority (OCTA – California)
- Orange County Florida
- Pacific Gas & Electric
- PacifiCorp
- Port Authority of NY/NJ
- Prime Therapeutics
- Prudential
- Regions Bank
- Ricoh
- Samsung
- State of Florida
- State of Michigan
- State of New Jersey
- State of North Carolina
- Thomas Edison College

CAREER SUMMARY

Mr. Kemen is a Managing Director responsible for overseeing strategic planning, portfolio optimization, tenant representation and property disposition assignments for clients across the U.S. and Canada. His 30 year career has included the valuation and repositioning of multi-million dollar real estate portfolios, as well as, budget analysis and redevelopment assessments. Prior to joining CBRE, Mr. Kemen was Vice President/Asst. Portfolio Manager for The Yarmouth Group, Inc. and Vice President for Merrill Lynch in the Real Estate Investment Banking Group. Mr. Kemen also worked as an architect, broadening his experience in design and construction on assignments that included renovations at Rockefeller Center.

SIGNIFICANT ASSIGNMENTS

Portfolio Optimization / Headquarters Analysis

■ General Services Admin. (In Progress)	Portfolio Strategies	Dept. of State; SSA
■ State of Florida	Statewide Consulting	10,000,000 SF
■ State of New Jersey	Statewide Consulting	8,000,000 SF
■ State of Michigan	Statewide Consulting	7,900,000 SF
■ State of Virginia	Statewide Consulting	6,000,000 SF
■ Regions Bank	Bank Merger Strategy	6,500,000 SF
■ General Services Administration	Baltimore (Social Security)	4,000,000 SF
■ GPU Energy	Pennsylvania & NJ	4,000,000 SF
■ Vanguard Group HQ	Philadelphia, PA	2,000,000 SF
■ Cigna Regional HQ	Hartford, CT	1,100,000 SF
■ Confidential Pharmaceutical	New Jersey	1,000,000 SF
■ General Services Administration	New York, NY	1,000,000 SF
■ Maricopa County	Phoenix, AZ	400,000 SF
■ Orange County FL	Orlando, FL	390,000 SF
■ Ricoh Headquarters	New Jersey	180,000 SF
■ Dun & Bradstreet – HQ Redevelopment	Connecticut	300,000 SF
■ Oppenheimer Capital HQ	New York, NY	179,000 SF
■ Earthgrains Headquarters	St. Louis, MO	150,000 SF
■ Mercy College	New York, NY	125,000 SF
■ Hills Pet Nutrition	Topeka, KS	100,000 SF
■ Prime Therapeutics	Portfolio Strategy	Nationwide
■ Discover Financial	Multi-State	Portfolio Strategy
■ Thomas Edison State College	Trenton, NJ	Distance Learning Campus

Tenant Representation

■ Northrop Grumman	Multi-State	Nationwide
■ Prudential	Multi-State	Nationwide Over 500,000 SF
■ Kyocera Mita Distribution Centers	California/Tennessee	400,000 SF
■ Samsung Regional HQ	Dallas, TX/ North NJ	120,000 SF/100,000 SF
	Seoul, Korea	Acquisition 100,000 SF
■ Cap Gemini Ernst & Young	New York, NY	60,000 SF
■ Davis Polk & Wardwell	New York, NY	55,000 SF

Disposition Strategies

■ Federal Deposit Insurance Corp.	Nationwide	REO Disposition Strategy
■ Gale & Wentworth	Suburban New York	Highest & Best Use
■ Prudential	Minneapolis, MN	Office Building Sale 350,000 SF
■ Samsung	Northern New Jersey	Warehouse Sale 350,000 SF
■ Hyundai HQ Sale	New Jersey	US Headquarters Sale
■ PacifiCorp	Five States	Public Utility Portfolio Strategy
■ Port Authority of NY & NJ	Northern New Jersey	Marketing Strategy for 22 Sites
■ State of North Carolina	Statewide	Property Disposition Strategy

PROFESSIONAL AFFILIATIONS / ACCREDITATIONS

- Urban Land Institute
- American Institute of Architects – Associate Member
- Licensed Salesperson - Minnesota
- Licensed Architect - New York (not currently registered)

EDUCATION

- Bachelor of Environmental Design – University of Minnesota
- Bachelor of Architecture – University of Minnesota
- Master of Architecture in Urban Design – Harvard University
- Master of Business Administration – New York University

PROFESSIONAL PROFILE



CLINTON F. BOGART

Vice President

T: 713.840.6647

F: 713.840.6649

M: 713.705.7000

clinton.bogart@cbre.com

CBRE

Valuation & Advisory Services

2700 Post Oak Boulevard

Suite 250

Houston, Texas, 77056

www.cbre.com/Clinton.Bogart

CLINT F. BOGART—INDUSTRIAL DIVISION SOUTH CENTRAL REGION

Clinton F. Bogart is a Vice President in the South Central Region of CBRE. He has 25 years of professional experience in the real estate business with the first 5 years in the commercial and industrial brokerage business in the tri-state New York area; and the last 20 years in the preparation and review of real estate appraisals, feasibility studies, rent analyses, court preparation work, market studies and consulting of commercial properties in over 40 states.

During the last the last 11 years, Mr. Bogart has been in industrial and special purpose properties. Property types include: distribution, light and heavy manufacturing, office/warehouse (low to high finish), industrial labs, truck terminals, truck stops, truck yards, pipe yards, foundries, forgeries, railcar, distilleries, manufacturing/service facilities, petrochemical terminals (waterfront and inland), shipyards, industrial waterfront properties, public cold storage warehouses, food service/food processing facilities, dairies (pasteurizing and production facilities), grain elevators, rice mills, hydroelectric generator plants, aviation facilities (airplane hangars, FBOs), on and off campus air cargo facilities, sugar cane refineries and underground storage facilities (dry and cold storage).

He has been involved in the appraisal of numerous industrial portfolios both as an appraiser and as a portfolio director.

Mr. Bogart's overall experience encompasses a wide variety of property types including industrial, office, retail, regional malls, multifamily, medical office, restaurant, residential subdivision, branch banks, farms & ranches, and special purpose properties.

Mr. Bogart has worked successfully with some of our most prestigious clients, including CalPER's, Bank of America, Lehman Brothers and JP Morgan Chase. He has appraised properties in over forty states, but his primary geographical experience is Texas, Louisiana, Arkansas, Oklahoma, Missouri, and Kansas. Prior to joining CBRE in 1998, he was a Staff Appraiser with Trahan & Partners in Houston, Texas. At Trahan and Partners Mr. Bogart specialized in dealing with pension funds and institutional clients.

SIGNIFICANT ASSIGNMENTS

- Atchison Casting Foundry, Atchison, Kansas
- Gramercy Sugar Cane Refinery, Gramercy, Louisiana
- Colonial Sugar Cane Refinery, Port Wentworth, Georgia
- J.D. Street Petrochemical Terminal, St. Louis, Missouri
- Regional truck terminal assignments include:
 - Roadway, Yellow Freight Lines,
 - Consolidated Freightways,
 - R&L Carriers, Central Freight Lines



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PROFESSIONAL PROFILE

- MGP Distilleries, Pekin Illinois, Atchison Kansas, and Kansas City Kansas
- ConocoPhillips Petrochemical Terminal Riverhead, New York
- Curt Bean Sawmill, Glenwood, Arkansas
- Swiftships (Ship yard), Morgan City, Freeport
- Gearhart Ranch (31,279-acre cattle/hunting ranch), Fort Davis Texas
- American Rice Mill (5,066,477 bushel rice manufacturing facility), Freeport, Texas
- P&O Cold Storage Logistics, Dallas, Fort Worth, San Antonio, La Porte, and Houston
- Fresh Advantage Food Service, Grand Prairie, Texas
- Avion Flight Service (FBO and fuel farm), Midland Texas
- Aero Sky Airplane Hangar
- Trinity Railcar (repair and maintenance facility), Vidor, Texas
- Conrad Ship Yards, Morgan City, Louisiana
- U.S. Development Ethanol Rail Terminals Dallas Texas, Baltimore Maryland, and Linden New Jersey
- Point Breeze Petrochemical Terminal, Philadelphia, Pennsylvania
- Eimskip Cold Storage Logistics, Dallas, Fort Worth, San Antonio, La Porte, and Houston
- English Farms (7,700-acre commercial row crop farm)
- Barnett-Livermore Ranch (5,076-acre cattle/hunting ranch), Fort Davis Texas

EDUCATION

- Texas A&M University, College Station, Texas, Bachelor of Animal Science

CLIENTS

- AEW
- AMB / Prologis
- Bank of America Merrill Lynch
- Bank of Oklahoma
- CalPERs
- Comerica Bank
- Community Bank of Texas
- CRIIMI Mae
- First American Bank
- GE Capital



PROFESSIONAL PROFILE

- GE Commercial
- JP Morgan Chase
- JP Morgan Mortgage Capital
- Koll
- Principal Realty Investors
- Prudential Mortgage
- Regions Bank
- Southtrust Bank
- UBS
- WP Carey & Co.

TYPES OF INDUSTRIAL PROPERTY

- Air cargo Terminals
- Airplane Hangers
- Aviation Terminals and FBO's
- Business Park
- Cement/Rock/Gravel Plant
- Chemical/Oil Refinery
- Cold Storage
- Flex Space
- Food Processing
- Lumberyard
- Manufacturing
- Processing Plant
- Railroad Yard
- Recycling Center
- Research/Development
- Salvage Yard
- Shipyard
- Truck Terminal
- Warehouse/Distribution
- Oil and gas fields



VALUATION AND ADVISORY SERVICES

PROFESSIONAL PROFILE



KYLE REDFEARN, MAI—FINANCIAL & TAX REPORTING SERVICES

Kyle Redfearn is a Managing Director in the Valuation & Advisory Services Group of CBRE. Mr. Redfearn is based in Dallas, Texas but serves a national role for the firm as the leader of its Financial & Tax Reporting Services Practice. Mr. Redfearn has more than 20 years of real estate valuation and consulting experience that encompasses all major classifications of real estate throughout the United States and in many other countries.

Mr. Redfearn has spent the majority of his career focused on valuations for financial and tax reporting, but has also performed appraisals and offered consulting services for sale/leaseback analyses, mortgage-based lending, portfolio valuations, litigation support services, feasibility analyses, fairness opinions and property tax valuations.

Mr. Redfearn has conducted valuations for all types of properties including office, retail, industrial, multi- and single-family residential, hospitality, health care, restaurants, gaming, sports and entertainment, power plants, telecommunications facilities, banking institutions and others. The valuations performed by Mr. Redfearn have encompassed fee simple, leased fee and leasehold interests, and have concluded market value, fair value, fair market value, use value, liquidation value and leasehold value.

Prior to joining CBRE, Mr. Redfearn was the leader of the real estate valuation group in the Tax & Financial Reporting practice at Houlihan Lokey Howard & Zukin. Before that, Mr. Redfearn was a Senior Manager at Deloitte & Touche focusing many of his 12 years on financial and tax reporting valuations and assisting Deloitte audit teams as a valuation review specialist of work done by other appraisers. Before joining Deloitte, Mr. Redfearn was a staff appraiser at Ann Allison & Associates, Inc.

For information, contact:

KYLE REDFEARN, MAI

Managing Director

Financial & Tax Reporting Services

T 214.979.5686

F 214.979.6395

kyle.redfearn@cbre.com

CBRE

Valuation & Advisory Services

2100 McKinney Avenue, Suite 700

Dallas, TX 75201

www.cbre.com/Kyle.Redfearn

CBRE

VALUATION AND ADVISORY SERVICES

PROFESSIONAL PROFILE



For information, contact:

KYLE REDFEARN, MAI

Managing Director

Financial & Tax Reporting Services

T 214.979.5686

F 214.979.6395

kyle.redfearn@cbre.com

CBRE

Valuation & Advisory Services
2100 McKinney Avenue, Suite 700
Dallas, TX 75201

www.cbre.com/Kyle.Redfearn

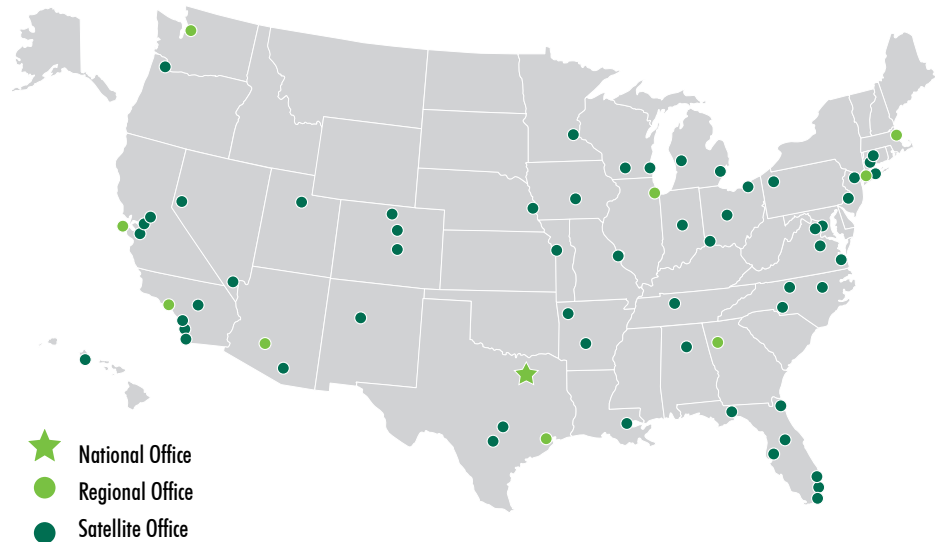
PROFESSIONAL AFFILIATIONS / ACCREDITATIONS

- Appraisal Institute—Designated Member (MAI)
- State Certified General Real Estate Appraiser, State of Texas

EDUCATION

- Texas Christian University, Fort Worth, Texas
Bachelor of Business Administration; Finance

FINANCIAL & TAX REPORTING SERVICES LOCATIONS



CBRE

QUALIFICATIONS OF

STEVEN SHUMAKE, MAI
Managing Director

CBRE, INC.
VALUATION & ADVISORY SERVICES
2700 Post Oak Boulevard, Suite 250
Houston, Texas 77056
(713) 888-4720 Direct Line
(713) 840-6649 Fax
steve.shumake@cbre.com

CONTINUING EDUCATION

All current requirements have been completed for each of the state's certifications as well as the Appraisal Institute for the MAI designation.

PROFESSIONAL AFFILIATIONS & DESIGNATIONS ATTAINED

Designated Member (MAI)	Appraisal Institute (7997)
Certified Real Estate Appraiser	State of Texas (TX-1321772-G)
Licensed Real Estate Salesman	State of Texas (0320631)
Certified General Appraiser	State of Louisiana (G3033)
Certified General Appraiser	State of Arkansas (CG3601N)
Certified General Appraiser	State of Oklahoma (12911CGA)

EMPLOYMENT EXPERIENCE

Senior real estate professional with over 35-years experience in valuations, finance, and real estate brokerage. Thorough knowledge of complex real property valuations, real estate financing, and regulatory guidelines.

March 20, 2007 – Present	CB Richard Ellis, Inc./CBRE, Inc. Valuation & Advisory Services Managing Director	Houston, Texas
1998 – 2007	CBRE Melody Director	Houston, Texas
1996 – 1998	PricewaterhouseCoopers Manager	Houston, Texas
1993 – 1996	American Valuers Inc. President	The Woodlands, Texas
1986 – 1993	The Gerald A. Teel Company Manager	Houston, Texas
1982 – 1986	Real Estate Valuations & Consultants Real Estate Appraiser	Houston, Texas
1976 – 1982	Landmark Real Estate Corp. Real Estate Broker	Parkersburg, West Virginia

APPENDIX B – LANDRUM & BROWN INDEPENDENT CONSULTANT REPORT

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**PREPARATION OF AN
AIR CARGO OVERVIEW
FOR A TAX EXEMPT BOND OFFERING**

Landrum & Brown



July 10, 2012

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GOALS AND OBJECTIVES

Airports across the globe increasingly see air cargo as a major component of their revenue stream and of regional economic development initiatives. Accordingly they pursue development through their own financing options or through a private/public partnership. The primary business goals of airports include:

- Grow and enhance regional air cargo movement
- Increase cargo-related employment opportunities
- Promote a comprehensive regional freight policy and public investment
- Diversify and expand industrial business in the region
- Generate new investment in cargo-related facilities and infrastructure
- Maximize real estate usage and operational efficiencies

PROJECT OBJECTIVE

This effort is intended to provide the Client with a comprehensive overview of the state of the air cargo industry and the issues and trends which are anticipated to be significant over the next twenty years. The primary focus of this document will be on the issues that affect larger cargo international airports that include:

John F. Kennedy (JFK)	Newark Liberty (EWR)
Chicago O'Hare (ORD)	Philadelphia (PHL)
Miami (MIA)	Dallas – Fort Worth (DFW)
Los Angeles (LAX)	Houston (IAH)
Atlanta Hartsfield-Jackson (ATL)	

To provide the necessary overview, the narrative will be divided into three sections.

- Section I will describe how the air cargo industry functions and the nature of the businesses that constitute the primary operators to include ancillary and supporting functions. The recent emergent trends and their impact on air cargo will be discussed. Because of the importance of security the report will cover how security considerations have and will impact facility planning and development.
- Section II will discuss the performance of air cargo over the past decade and graphically reflect trends in the industry as they have impacted the major gateways. The narrative will cover how air cargo forecasts are developed and the major considerations that are used in the process. Lastly this section will use major industry forecasts from the FAA and Boeing to extrapolate projected volumes for the primary gateways.
- Section III will discuss how forecast air cargo tonnages and aircraft operations are typically converted to physical requirements – airside, landside, and within the cargo facility.

SECTION 1

INDUSTRY OVERVIEW

1.1 UNDERSTANDING AIR CARGO

One of the primary challenges for the air cargo industry is the general lack of understanding that most people and organizations not involved with goods movement, have of the business. It is built around time and cost and offers its constituents an incredible amount of flexibility. Before discussing the trends that affect the industry, therefore, it is important to provide some context as to how cargo operates, the major business partners that are involved, and the factors critical to success.

The Federal Aviation Administration ("FAA") defines air cargo as freight and mail. It is also typically categorized as either international or domestic. Because of their roles as international passenger airports, the larger airports handle large numbers of international, wide-body aircraft with substantial amounts of belly capacity. (Note that "belly cargo" refers to cargo that is carried in the hold of a passenger aircraft.) Many international passenger carriers also operate freighters. This creates an ideal interlining operation (sharing cargo) with the diverse domestic passenger and integrator operations at the airport. The result is typically a broad air distribution system.

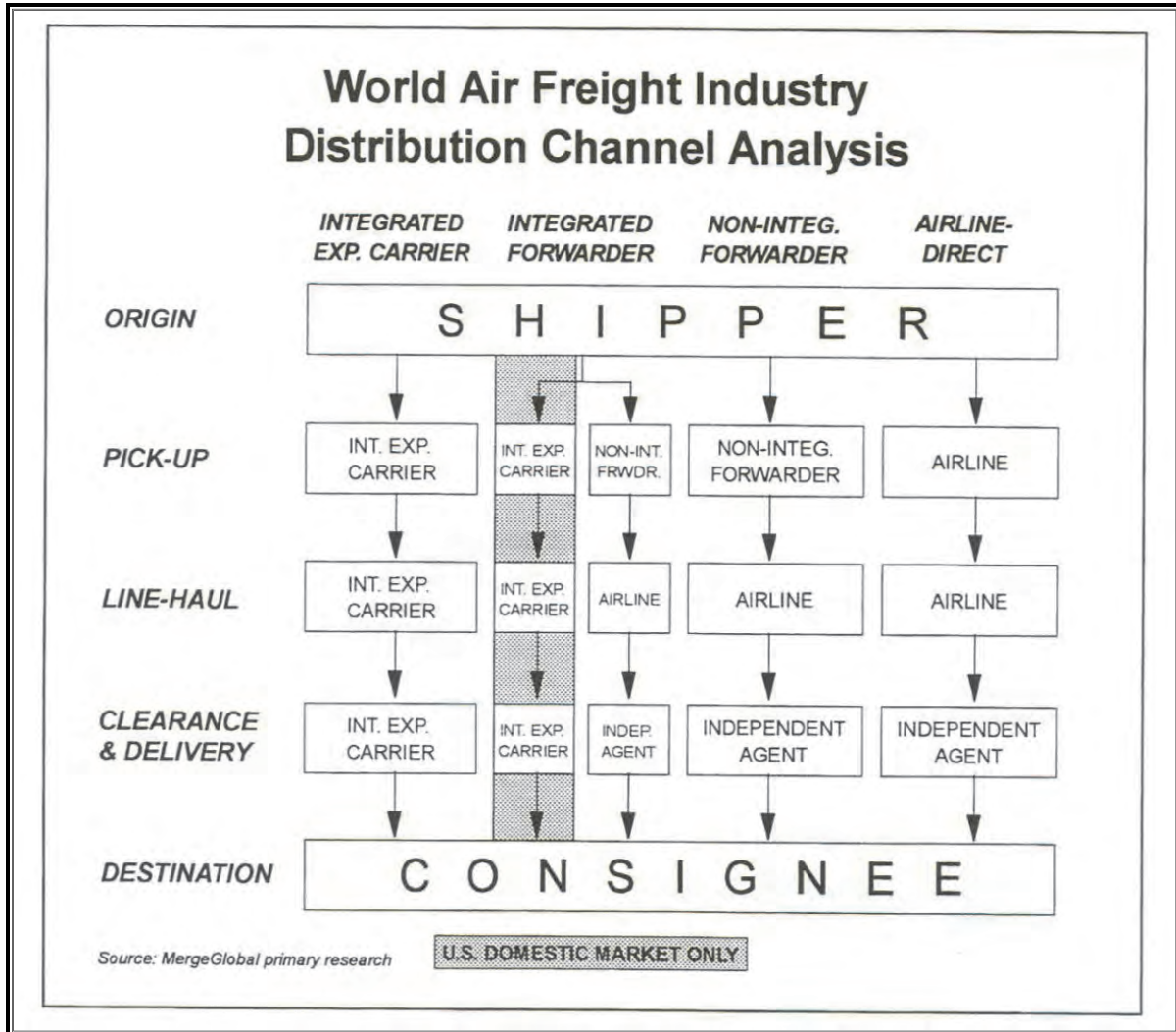
Air cargo shipments begin with the shipper. This can be an individual or a major manufacturer. For purposes of this narrative they will both be considered "the shipper." Shippers have the option of taking a product directly to a carrier or alternatively using a third party logistics provider (usually a *freight forwarder*) to find the best shipping options and to ensure that all the arrangements are made. The graphic below indicates four shipping channels: an *integrated express carrier* like FedEx, an integrated forwarder like DHL or TNT, a non-integrated forwarder like Expeditors or Panalpina, or a carrier.

These entities will ensure that the shipment is trucked safely to the airport where it will be enplaned. Sometimes *forwarders* will work with *consolidators* to combine shipments to a common destination. By combining the shipments, the cost per pound can be reduced and a savings theoretically passed along to everyone in the shipping chain. Domestic shipments are typically off loaded at the destination airport and are picked up by, or delivered to the consignee by truck.

For international shipments, it is necessary for the shipment to be inspected by the Customs officials of the destination country. Because this can be a detailed and cumbersome process, the shippers and forwarders typically work with a *Customs Broker* (an importer) who works with the government agencies to clear the goods for entry into the country. Once cleared the shipment is picked up by, or trucked to the consignee. Upon occasion, the shipment may be moved to a *container freight*

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station for basic handling and customs inspection. Subsequently the shipments are broken down for individual consignees and delivered by truck. The roles of the different participating entities are discussed in greater detail later in this section.



It is important to remember that virtually all air cargo begins or ends its journey on a truck, making the ground distribution system as critical as the air distribution. The design and location of airports and their cargo facilities must take this into consideration and be capable of accommodating growth in the landside component of the operations commensurate with growth on the airside.

To facilitate shipping, freight forwarders have become independent booking links between manufacturers, shippers and logistics operations, and the non-integrated carriers control about 70 percent of international cargo. Typically, to keep costs down, they book blocks of space with carriers in the belly of passenger aircraft. The other 30 percent is carried by the integrators who will accept shipments directly from shippers and upon occasion will take bookings from a forwarder. On international shipments, integrators may compete directly with airline/forwarder

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alliances for business but overnight delivery does not necessarily play as vital a role in international shipping. Forwarders and shippers will also utilize freighters operated either independently or by the passenger carriers. In certain instances, carriers may lease freighter aircraft from a company such as Atlas or other Aircraft, Crew, Maintenance, and Insurance ("ACMI") carriers, but the numbers of such operations and their impact on airport handling requirements and infrastructure are not typically significant. One of the keys to successful international goods movement is clearance by the federal agencies. Easy and timely access for inspection is vital. If the federal agencies do not have the staffing to accommodate timely inspection and clearance, the best facilities and location in the world will not move international cargo effectively.

Domestic cargo differs dramatically from international. It is not related to Customs clearance, is dominated by the integrators, is less influenced by forwarders, has an enormous trucking component, and creates substantial demands on the airport's aeronautical infrastructure. Integrators carry 90 percent of domestic air cargo. Competition among the integrated carriers is driven by guaranteed overnight (or other time definite) delivery to almost any location. Integrators operate with a very tight shipping window to their mid-west distribution hubs; this creates a concentration of ground traffic within a region as trucks bring the packages to the airport at the last possible minute. Of the remaining 10 percent, large volumes move in the bellies of passenger aircraft. The goods are not typically as time sensitive, and arrive at the cargo facilities (both origin and destination) in smaller concentrations, but with much greater frequency, and without such well-defined shipping windows.

In combination, these segments of the cargo business create pressure on airports to provide more: a) passenger terminal capacity and proximate aircraft apron; b) expanded warehousing, Ground Service Equipment ("GSE"), and office space; c) a more extensive network of restricted service roads; d) more remote apron and accessing taxiways; e) building frontage, customer, and employee parking; and f) improved roadway access and geometry. Of the four major gateways, only JFK and Chicago O'Hare International ("ORD") airports are positioned to deal effectively and comprehensively with the future requirements of both the passenger and cargo segments of their business. Miami and Los Angeles are fairly constrained physically.

In an ideal environment, space for the on-airport cargo community would be expansive enough to include a full complement of the supporting and ancillary businesses that are important components of an air cargo operation. Geographic proximity to the carriers allows these other businesses to realize operational and financial benefits, while providing higher levels of service to their customers. This integrated "cargo village" is considered by many airports their key to success in the air cargo business.

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1.1.1 CRITICAL CARGO VARIABLES

The goods movement industry continues to experience dramatic changes. Factors such as consolidations, rising fuel costs, changing distribution patterns, increased reliance on speed, e-commerce, and high-speed logistics will require that individual airports re-examine their business goals, market priorities, physical capacity, and the compatibility of these three criteria in meeting the challenges of accelerating growth. Ten critical variables of goods movement by air are described below. All of these variables impact the gateways to some degree. Although some of the variables are not air cargo specific, they reflect changes that will eventually affect air cargo volumes at these airports and their long-term compatibility with industry needs.

Growth in the passenger markets: Global forecasts by Boeing, the FAA, and the Airports Council International indicate that the world passenger market could double over the next 20 years. Airports will be challenged to provide the resources to achieve targeted levels of service for both passenger and cargo growth. In instances where the capacity of an airport is exhausted, there will be pressure to shift the most easily relocated business segment – in most cases, cargo – to the nearest, most viable alternatives. Among the major U.S. gateways, JFK and ORD have the most flexibility to accommodate both passenger and cargo growth. Secondary gateways to include Houston and Dallas have substantial land resources available for future expansion. Carriers on international routes are using wide-body belly capacity for an increasing percentage of their cargo. This is a two-edged sword for the gateways. On the one hand, increased passenger activity will grow the cargo business. On the other hand, as international passenger operations continue to proliferate from other airports, there will be fragmentation of demand for the traditional gateways. This will however open up opportunities for airports such as DFW, IAH, and PHL.

Growth in the cargo markets: Global forecasts by Boeing, the FAA, and the Airports Council International call for an annual increase ranging from 5.0 percent to 6.9 percent of air cargo volumes over the next 20 years. Much of this growth will occur on the trans-Pacific routes but there will also be substantial growth in South and Latin American countries, Eastern European countries, and Africa. The multi-cultural nature and size of gateway cities will be a drawing point for this growth. As indicated above, a substantial portion will be driven by passenger activity, but basic cargo growth will be based on cost effectiveness and operational efficiency. Successful airports must position themselves as industry partners providing facilities which optimize value to tenants and users.

Key shipping windows: Two of the great myths in the industry are that air cargo aircraft operate around the clock, or only at night; this is not the case. Integrators typically schedule departures on the west coast between 8:00 and 10:00 p.m. to reach mid-west sortation facilities by midnight. While not as time specific as the integrated carriers, freight carriers must also operate out of shipping windows to allow for: a) coordinated pickup and delivery at local and regional destinations, b) integration of transshipments, and c) restrictive overseas airport and government controls. The result is a clustering of operations and aircraft parking



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requirements. This causes a peaking of demand for aircraft parking on a daily basis. Most international gateways have late evening departure peaks that are targeted to allow shipments to reach destination markets for early morning distribution.

The size of the gateways enables them to address the diverse airside and landside needs of a large cargo community. The absence of a curfew, the availability of federal agencies, and diligent noise monitoring are critical elements that enable later international cargo operations (as well as integrator connections) to prosper. Frankfurt is now confronted with a ban on night flights that has had a severe impact on cargo activity and the regional economy. While U.S. airports have traditionally been leaders in environmental issues and noise awareness, this is a sensitive issue that should be monitored.

Aircraft parking: Reliability of delivery and cost as opposed to overnight delivery have accelerated the utilization of freighter traffic on a number of routes, but aircraft parking is not as critical an issue as it was ten years ago. This is largely due to: a) the ability of cargo handling operations to off- and on-load aircraft more quickly, b) carrier strategies to spend less time on the ground, and c) greater use of passenger aircraft belly capacity. This frees up existing freighter parking positions more quickly, which extends capacity. Nevertheless, airports focused on international cargo must be able to provide sufficient parking for freighters when the need arises or the flights will divert to another market. The Boeing and FAA forecasts indicate that freighter operations will increase over the next twenty years. The result will be continuing demand for aircraft parking.

The growth of truck substitution: One of the most difficult variables to evaluate in air cargo is the truck substitution component. Many air cargo facilities are operating to a great extent as truck terminals, yet requirements to report truck-to-truck traffic are scarce. Airports cannot realistically evaluate comprehensive space demands, effectively plan for and phase new development, or fully capture business opportunities without careful consideration of the truck substitution component. Additionally, as truck substitution continues to play a greater role, airports must address the fact that an air cargo facility is an inter-modal facility, and must be designed to accommodate trucks as well as aircraft. Critical elements include roadway access and truck parking, as well as queuing, maneuvering, and docking challenges. Truck substitution has been accelerated by the new security screening requirements which, because of the resultant increases on air shipping costs, have increased modal diversion. When combined with passenger growth, the constraints of the land envelope warrant business strategies, lease management practices, and physical planning that will optimize airport property and its ability to serve customers

E-Commerce: Many of the shipments generated by home shopping networks, catalogue shopping, and most recently, e-commerce, require specialized facilities for efficient processing and expedited delivery. Accordingly, these shipments have a greater tendency to move by air or expedited trucking. This has accelerated



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demand for air cargo operations in general and integrator operations in particular. Much of this fulfillment requirement is met by businesses concentrating operations on or near airports.

Manufacturing creep: Manufacturing facilities, particularly those focused on time-sensitive products, in response to demand for faster delivery, are moving and/or locating key warehouse facilities closer to airports, or onto airports. This is a major element in Asian airport development and can be seen in facilities in Shanghai, Pudong, Shenzhen, Guangzhou, and Incheon for example. In the U. S, we are seeing this in the growing 'Aerotropolis' concept in cities such as Dallas, Indianapolis, and Detroit. This reduces inventory, trucking costs, and staffing requirements, while increasing levels of customer service. This significant and growing business segment is a major element of the "Airport City" concept but is very difficult to introduce to a mature airport environment, particularly when property around the airport is developed. Nevertheless, there may be opportunities to create a functioning variation of the concept on or around most gateways.

High-speed logistics: The changes in manufacturing and shipping are giving rise to the design of new high-speed logistics facilities that can effectively integrate a number of diverse industry segments. The facilities can handle throughput and sortation, kitting (minor assembly), and returns (fulfillment), as well as traditional operations. These value-added distribution centers can be major job generators, in some cases, approaching the employment levels of traditional manufacturing operations. While the size of these buildings (often exceeding 500,000 square feet) makes them unlikely to occur on an established U.S. airport (since they would require a footprint of nearly 20 acres and could present some height constraints), they could be accommodated within a reasonable distance from the airport.

Building technology: As a result of the escalating cost of storing goods, and the shortage of on-airport property, modern cargo facilities are being designed to emphasize speed of transition rather than warehousing. The result is taller buildings to handle highly mechanized equipment with sufficient depth and adequate airside and landside doors. It should be noted, however, that not every air cargo operation requires sophisticated equipment. The demand is a function of the size of the operation, the nature of the cargo, the scheduling needs of the shippers and forwarders, local labor costs, and budget. New security requirements (see Emerging Trends) have required facility modifications that in some instances reduce existing floor capacity and require more internal storage.

Aircraft technology: Modern freighters are more fuel-efficient, have greater range, and carry larger payloads. The ability of new aircraft such as the 787 to over-fly traditional points of entry, as well as the inability of many airports to accommodate the new large aircraft including the A-380 and 747-800 (Code F Aircraft – the largest commercial airplanes) will affect the selection of origin and destination airports. However, despite its size, the belly of the A-380 passenger aircraft will not deliver cargo volumes in excess of what is typically handled in today's routine shipments given the anticipated volumes of luggage. The 747-800 freighters, however, will require more Code F apron and have operational constraints at a number of airports.



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1.1.2 AIR CARGO SUCCESS FACTORS

As the industry undergoes major changes, the basic ingredients of an airport's successful air cargo operation have remained essentially intact. These factors have played major roles in the success of gateways to date. However, as airports mature, regional growth and evolving goods movement dynamics may negatively impact the airport's ability to meet the needs of the air cargo industry, and eventually force shifts in operations to alternate facilities. In looking at these factors, there are indications that growing challenges develop as airports mature. The challenges create opportunities to be explored regarding more efficient utilization of existing airport assets as well as development of new facilities and infrastructure.

Substantial passenger market – both Origin & Destination and transfers: Despite their interest in air cargo, the gateways all remain maintain as one of their top priorities is maintaining a preeminent position in passenger traffic. To grow this segment of the business will require an airport to accommodate substantial amounts of belly cargo and, in the instances of carriers that fly both passenger and freighter, provide adequate aircraft apron for the freighter component of the business. Given the existing high levels of passenger activity, and the projected growth for the industry, most of the gateways are well - positioned to achieve this goal and have the physical capacity to address physical constraints. There are some constraints however at LAX, PHL, and MIA.

Large regional consuming and producing marketplace: The large and growing population of the gateway city and the surrounding region, along with the city's interest in the promotion of logistics and the related jobs should generate substantial volumes of both inbound and outbound freight. Trade flows to Europe and to Asia typically favor exports and imports respectively as a result of international monetary standards. This creates shortfalls in outbound shipments to Asia and inbound product from Europe. A balance is critical to the financial success of a cargo operation. The flow of cargo to and from certain global regions will vary based on economic trends. In the event the economics substantially decrease in either direction, there is a strong probability that cargo in general and freighter traffic in particular will be reduced accordingly. The challenge for a region is to create an operating environment with sufficient financial benefits to attract product form the surrounding region. Air cargo business reacts to economies of scale; large volumes enable all parties to reduce costs and potentially pass on savings to customers.

Substantial lift to a large number of markets: A substantial number of operations to global markets and sufficient volumes of cargo to each destination enables shippers to consolidate shipments thus reducing overall shipping rates. Gateways have a large and diverse user universe that could enable efficient interlining between passenger and freighter aircraft with a resultant global outreach. Forwarders are attracted to larger facilities because of the ability to backstop flights with other options in the event the targeted flight is missed. The other major element of this factor is that the amount of lifts and the competition helps control costs.



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Supporting business infrastructure of freight forwarders, customs brokers, and trucking: While integrated carriers control nearly 90 percent of domestic cargo shipments, freight forwarders and customs brokers control approximately 70 percent of the international market. (While this split has remained fairly consistent, the role of forwarders in domestic shipping continues to shrink and the integrators are pursuing a larger share of the international business as well). Typically these segments of the industry cluster on or near the transportation facility they wish to utilize. The result is the existence in the areas immediately surrounding the airport of substantial square footage of logistics facilities. Many gateways also have expanded supporting business infrastructure reflecting related ocean-borne shipping that is served by regional customs brokers and freight forwarders. In an ideal environment many of these facilities would prefer to locate on airport (space permitting) to help reduce operating costs. Historically the biggest issue is the inability of an airport to sell property and the comparative high costs of on versus off airport property.

Roadway infrastructure providing ready access to the airport and to an effective highway distribution system: One of the side effects of air cargo growth is a corresponding increase in trucking traffic and its impact on regional traffic patterns and flows. An original determinant of air cargo success at the larger airports was the regional roadway infrastructure and the links it provided between the airport and a highway distribution system. The growth in passengers and cargo, as well as overall regional growth, can cause congestion making effective access and efficient rates of travel increasingly problematic. The resultant shipping inefficiencies and higher costs can place the more mature regions at a disadvantage. The traffic is an issue at LAX, MIA, JFK and ORD. Nevertheless the other advantages of the major gateways continue to offset most traffic concerns.

Physical capacity to accommodate growth: The most obvious criterion for the future success of an air cargo program is the physical capacity to accommodate the airside and landside requirements of both tenants and users. This includes aeronautical infrastructure, physical facilities, landside parking and queuing, and roadway geometry. The latter two elements are important to ensure that the airport functions efficiently as an inter-modal facility. While the cargo operations continue to experience solid growth, there are some very real constraints facing airport as buildings age and carrier requirements change. JFK and ORD of the major gateways have the most flexibility, while of the secondary gateways, Houston and Dallas have the capacity to accommodate growth for the foreseeable future as well as the infrastructure to handle the 747-800F and the A380 aircraft.

Geographic positioning to serve effectively as a major cargo center with clear advantages over potential competitors: Historically, the gateways are the best positioned airports for international cargo growth. Inland airports such as Dallas, Houston and Chicago are better positioned because of the greater catchment areas (the areas around the airport to and from which cargo is typically shipped. This is typically considered the market that can be reached within a day's drive). Newark, Kennedy, and Philadelphia, and to a great extent Chicago, will compete for the same market share, as will Dallas and Houston. Atlanta competes with Miami, while Los Angeles competes on a limited basis with San Francisco.



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Bilateral and Open Skies Agreements: The use of U.S. airports by foreign flag carriers is based on international trade agreements which formally grant nations and carriers access and are discussed at greater length later in this chapter. The gateways are usually the first markets to which international carriers seek, and are granted access.

1.1.3 AIR CARGO BUSINESS PARTNERS

A successful air cargo operation is predicated upon the efficient interaction of a number of businesses with different operating requirements and facility needs. These firms have different levels of involvement based on the nature of the cargo and the markets through which the cargo moves. In an ideal environment, most of these operations would be co-located on the airport, creating an efficient, integrated, air cargo community. Operating costs are lower, economies of scale can be achieved, and international goods can be cleared faster and with fewer problems. The realities of limited modern, functional on-airport space and higher leasing costs have required businesses to situate operations that do not require ramp access off-airport.

Freight Forwarders are exporters that serve as travel agents for a shipper's freight. Simply stated, if a shipper wants to send freight internationally he will usually call a forwarder. Nationally, these firms control the routing of about 70 percent of the international freight, and about 10 percent of the domestic. A forwarder facility will vary from a small amount of office space and about 5,000 square feet of warehouse, to larger forwarder operations that may require as much as 100,000 square feet. Still, like any business that does not fly aircraft they do not need to be on the airport nor are they usually prepared to pay higher airport leasing rates.

Customs Brokers facilitate the clearance of international cargo through local federal customs. Like forwarders they usually maintain a small amount of office space but typically have little need for warehouse space, preferring instead to form alliances with trucking companies that can handle any large storage requirements. They do not need to be on-airport and are handling most of their business with the federal clearance agencies electronically. Like their forwarder counterparts, the customs brokers are located off-airport. It should be noted that many Brokers also serve as forwarders. This will sometimes impact their facility needs by adding additional warehousing space.

Federal Agencies have dual responsibility for interdiction and facilitation. The bulk of the cargo activity involves U.S. Customs and Border Protection ("CBP"). Customs is supported by the Department of Agriculture ("DOA") and the U.S. Fish and Wildlife Service, ("USFWS"), along with law enforcement agencies at the federal, state, and local levels. At an airport with a substantial international presence, it is absolutely critical that these agencies have ready access to the cargo. A centralized facility where all of the agencies are located together is ideal. Such an arrangement allows for rapid coordination on clearance issues, and minimizes ground traffic by shippers and consignees. While CBP addresses inbound shipments, the new security mandates have created an enormous role for the



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Transportation Security Administration (“TSA”) on outbound shipments and more recently increased their involvement with inbound cargo. Security is discussed in some detail under the section on “Emergent Trends”.

CBP officials inspect a randomly targeted portion of imported cargo (based in part on a risk assessment) for contraband goods. They also work to ensure that the inspection process does not delay the flow of goods. CBP officials partner in this inspection process with DOA and USFWS who handle specialty areas involving flora and fauna. A major role of these support agencies is the detection of diseased products or invasive species. The TSA’s major role is to ensure that the cargo that is moving in the bellies of passenger aircraft is safe and has not been exposed to contact outside a secure shipping chain. Currently they inspect outbound cargo on a risk assessment basis. For in-bound cargo, the TSA is concerned with belly cargo targeted for transfer. The future TSA role may soon extend to inspection of freighter cargo. TSA also oversees off-airport elements of the inspection process that delegates inspection to Certified Shippers that could be either the manufacturers or freight forwarders acting as their agents.

Consolidators work with or may function as a freight forwarder providing assembly points for cargo prior to its delivery to a carrier on the airport. Consolidation is critical in that it creates shipping economies of scale and reduces the shipping cost per pound to specific destinations. The ability to consolidate shipments and the frequency of flights to such a broad range of destinations are important to an airport’s continued success. Consolidators do not have to be on the airport but as with forwarders and brokers, relatively easy access is important to allow for delivery of the cargo to the carriers on the airport.

Container Freight Stations are typically located off-airport and handle the breakdown of inbound international freight. Their function is similar to a consolidator in that they provide relatively inexpensive space for short-term storage and redistribution, to a number of clients. In many instances, these typically independent operations are bonded to allow for the rapid movement of inbound cargo through the customs process.

Freighter Airlines are those carriers that do not carry passengers and specialize in heavy freight and general cargo as opposed to small packages or mail. Cargolux and NCA are examples of such carriers. Throughout the industry, there has been substantial growth in “wet leases.” This kind of leasing arrangement provides carriers with an option of leasing aircraft, crew, maintenance, and insurance (“ACMI”) through such carriers as Atlas.

Integrators are those carriers that operate a trucking component as well as their aircraft and offer point-to-point as opposed to airport-to-airport delivery. They specialize in overnight express. Examples are FedEx, UPS, and DHL. Their business is driven by time definite delivery, and proximity to the regional business districts is important to their operation. Depending on their level of activity at an airport, they tend to require substantial amounts of aircraft parking although they may not require a large amount of building space. They also



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frequently require large amounts of truck parking, and, because they are labor intensive, employee parking. At some integrator facilities staff also provides customs brokerage and forwarding functions.

Combination Carriers, *for purposes of this document*, are defined as airlines that fly both freighters and passenger aircraft. These predominately Asian carriers prefer to process both belly and freighter cargo in the same facility when possible. In rare instances, a carrier will split their belly cargo and freighter operations between airports when physical capacity becomes a factor. However, this is something that they will avoid if possible. No U.S. passenger carrier includes freighters in their fleet. Most carriers (other than integrators), are leaning more to leasing space than building their own facilities, and preferring to partner with a handling company or other third party for the development of new facilities. (Note that in industry parlance there are "combis" that is an aircraft that carries passengers and freight with the passengers in the front of the aircraft.)

Cargo Handling Companies operate on a contract basis providing service to carriers on the apron where they load and unload the aircraft and/or in the warehouse where they assemble or breakdown the freight. Their business is best conducted on the airport. Their revenue is generated on a fee-for-services basis, with current market rates that range from 2.5 to 6.0 cents per pound of cargo handled. Air cargo that is transported in passenger aircraft is off-loaded and loaded at the passenger terminal gate. It is typically transported to the cargo terminal for handling by a tug and cart system over a restricted service road accessible only to cleared personnel. Air cargo freighters typically park directly at the cargo facility for loading and off-loading by the handling company. There is a growing trend in the industry to lease cargo facilities directly to handling companies who can then use the available capacity to create economies of scale for their staff and equipment.

Trucking Companies make up the surface component of air cargo operations. While these companies rarely lease space on an airport, it is very important that air cargo facilities be designed to accommodate trucking, including frontage, access, and roadway geometry. Trucking operations to a gateway frequently are long-haul (more than 500 miles). Providing amenities and general service to drivers in the form of a Truck Service Center is desirable if space permits.

1.2 EMERGENT TRENDS

The past decade has seen some very basic changes in the structure of the air cargo industry. This section examines the evolution of the air cargo business from 2000 to 2010 and summarizes how many important industry trends have affected the air cargo industry in general and the dynamics for a mature airport in particular. The past decade has been characterized by pre-existing factors that have continued working themselves out.

For over a half century, JFK served as the premier gateway to the world's most dynamic city and nation. It was well established as a leading intercontinental gateway, long before other U.S. cities could even consider obtaining international flights. If a foreign destination could serve only one U.S. airport, the destination historically was JFK. Today that has changed dramatically. For Europe, JFK remains the first, and sometimes the only, U.S. destination for many airlines, representing a vital node for both passenger and cargo services. However, other gateways at LAX, MIA, DFW, and IAH capture the bulk of the Asian and Latin markets respectively, and new aircraft technology and passenger demand make other gateways such as ORD and PHL desirable for international traffic as well.

Despite fundamental changes in the airline industry, the role of the gateways has remained largely constant. However, the last four decades have seen fundamental changes in the roles of other airports. The success of commercial aviation, its transformation from a luxury for the ultra-wealthy to a mass product for travelers and a routine conduit for goods has caused a worldwide dispersal and fragmentation of commercial passenger and cargo services. International traffic volumes are now large enough to support many gateways and carriers. Dallas/Fort Worth ("DFW"), Hartsfield-Jackson Atlanta International ("ATL"), Denver ("DEN"), George Bush (Houston) ("IAH") and Detroit Metro ("DTW") International airports now have significant intercontinental flights. In 2012, Boston Logan International ("BOS") will add nonstop flights to Tokyo, joining fourteen other airports in North America. International passengers and air freight no longer need to transit JFK, but now have a wide range of potential carriers, gateways and routings.

Other parts of the world are experiencing this fragmentation... London's Heathrow Airport shares intercontinental traffic with over six intercontinental gateways in the United Kingdom. Smaller continental airports such as Dusseldorf, Nice, Stuttgart, and Faro have intercontinental flights. Many Caribbean destinations have nonstop services to Western Europe. A similar pattern of fragmentation holds for Australia and Latin America, the Middle East, and is emerging in India, China, and other world regions.

The Airports Council International publishes airport rankings. For 2011, the rankings for the top U.S. airports in terms of passengers and cargo are included below: (**Table 1.2-1, U.S. Airport Rankings by Total Passengers**) and (**Table 1.2-2, U.S. Airport Ranking by Air Freight**). Please note that historical performance will be detailed in the Forecast Section.

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**Table 1.2-1
TOP 30 U.S. AIRPORT RANKINGS BY TOTAL PASSENGERS**

 2011 North American Airport Traffic Summary (Top 30 Airports – Passengers)				
Rank	Airport Code	Airport	City	Total Passengers
1	ATL	Hartsfield-Jackson Atlanta International Airport	Atlanta GA	92,389,023
2	ORD	Chicago O'Hare International Airport	Chicago IL	66,659,709
3	LAX	Los Angeles International Airport	Los Angeles CA	61,862,052
4	DFW	Dallas/Fort Worth International Airport	Dallas/Fort Worth TX	57,744,554
5	DEN	Denver International Airport	Denver CO	52,849,132
6	JFK	John F. Kennedy International Airport	New York NY	47,683,529
7	SFO	San Francisco International Airport	San Francisco CA	40,810,141
8	PHX	Sky Harbor International Airport	Phoenix AZ	40,591,948
9	LAS	McCarran International Airport	Las Vegas NV	40,560,285
10	IAH	George Bush Intercontinental Airport	Houston TX	40,128,953
11	CLT	Charlotte Douglas International Airport	Charlotte NC	39,043,708
12	MIA	Miami International Airport	Miami FL	38,314,389
13	MCO	Orlando International Airport	Orlando FL	35,426,006
14	EWR	Newark Liberty International Airport	Newark NJ	33,711,372
15	YYZ	Toronto Pearson International Airport	Toronto ON	33,435,280
16	MSP	Minneapolis/St. Paul International Airport	Minneapolis MN	33,118,499
17	SEA	Seattle-Tacoma International Airport	Seattle WA	32,467,007
18	DTW	Detroit Metropolitan Wayne County Airport	Detroit MI	32,406,159
19	PHL	Philadelphia International Airport	Philadelphia PA	30,839,175
20	BOS	Logan International Airport	Boston MA	28,907,938
21	LGA	La Guardia Airport	New York NY	24,122,478
22	FLL	Fort Lauderdale-Hollywood International Airport	Fort Lauderdale, FL	23,349,835
23	IAD	Washington Dulles International Airport	Washington, DC	23,056,291
24	BWI	Baltimore Washington International Thurgood Marshall Airport	Baltimore MD	22,391,785
25	SLC	Salt Lake City International Airport	Salt Lake City UT	20,389,474
26	DCA	Ronald Reagan Washington National Airport	Washington DC	18,802,394
27	MDW	Midway International Airport	Chicago IL	18,777,126
28	HNL	Honolulu International Airport	Honolulu	17,947,177
29	YVR	Vancouver International Airport	Vancouver BC	17,032,742
30	SAN	San Diego International Airport	San Diego CA	16,890,722

Source: Airports Council International

As indicated in **Table 1.2-2** that follows, all of the nine targeted airports are in the top 16 cargo airports in North America. Of those 16, four – Cincinnati, Memphis, Louisville, and Indianapolis are integrator hubs, and a fifth –Anchorage is essentially a transfer operation.

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**Table 1.2-2
TOP 30 U.S. AIRPORT RANKING BY AIR FREIGHT**

 2011 North American Airport Traffic Summary (Top 30 Airports – Cargo)				
Rank	Airport Code	Airport	City	Total Cargo (tons)
1	MEM	Memphis International Airport	Memphis TN	3,916,410
2	ANC*	Ted Stevens Anchorage International Airport	Anchorage AK	2,543,105
3	SDF	Louisville International Airport	Louisville KY	2,188,422
4	MIA	Miami International Airport	Miami FL	1,841,929
5	LAX	Los Angeles International Airport	Los Angeles CA	1,681,611
6	JFK	John F. Kennedy International Airport	New York NY	1,348,992
7	ORD	Chicago O'Hare International Airport	Chicago IL	1,311,622
8	IND	Indianapolis International Airport	Indianapolis IN	971,664
9	EWR	Newark Liberty International Airport	Newark NJ	813,209
10	ATL	Hartsfield-Jackson Atlanta International Airport	Atlanta GA	663,162
11	DFW	Dallas/Fort Worth International Airport	Dallas/Fort Worth TX	654,415
12	YYZ	Toronto Pearson International Airport	Toronto ON	492,660
13	OAK	Oakland International Airport	Oakland CA	483,375
14	CVG	Cincinnati/Northern Kentucky International Airport	Cincinnati OH	481,669
15	IAH	George Bush Intercontinental Airport	Houston TX	446,328
16	PHL	Philadelphia International Airport	Philadelphia PA	415,205
17	SFO	San Francisco International Airport	San Francisco CA	382,019
18	ONT	LA/Ontario International Airport	Ontario CA	378,728
19	HNL	Honolulu International Airport	Honolulu	327,331
20	IAD	Washington Dulles International Airport	Washington, DC	302,661
21	SEA	Seattle-Tacoma International Airport	Seattle WA	279,625
22	PHX	Sky Harbor International Airport	Phoenix AZ	274,046
23	BOS	Logan International Airport	Boston MA	251,520
24	DEN	Denver International Airport	Denver CO	248,141
25	SLC	Salt Lake City International Airport	Salt Lake City UT	233,143
26	YVR	Vancouver International Airport	Vancouver BC	223,878
27	MSP	Minneapolis/St. Paul International Airport	Minneapolis MN	208,636
28	DTW	Detroit Metropolitan Wayne County Airport	Detroit MI	206,426
29	PDX	Portland International Airport	Portland OR	194,513
30	YWG	Winnipeg James Armstrong Richardson International Airport	Winnipeg MB	174,436

Source: Airports Council International

THE PAST TEN YEARS

This overview includes issues that have and will impact the airports moving forward. The national drop in domestic passengers reflects the growth of point-to-point services by low cost and regional carriers. New international services from interior gateways reduced the need for passengers to connect between domestic and international flights. After 9/11 security became a major issue and economic pressures forced other major changes. These are covered in the narrative that follows.

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1.2.1 AIR CARGO SECURITY

Perhaps the most significant change over the past ten years has been in the area of security. This recent focus has been on anti-terrorism. Historically the industry has addressed anti-theft, and systems and facilities both on- and off-airport consider theft deterrence in their planning. The main focus of this discussion is anti-terrorism: anti-theft concerns are covered in the physical planning discussion.

REGULATORY POLICIES

Immediately after the attacks of September 11, 2001, the U.S. Congress enacted the Aviation and Transportation Security Act ("ATSA"), which created the Transportation Security Administration ("TSA"), the federal agency primarily responsible for air transportation security. Initially created as part of the Department of Transportation, pursuant to the Homeland Security Act, TSA was transferred to the Department of Homeland Security ("DHS") in 2003. The Bureau of Customs and Border Protection ("CBP"), also part of the Border & Transportation Security Directorate of the DHS, enforces regulations that impact air cargo security. While, the FAA's focus is on ensuring air cargo shipments do not present safety hazards, CBP focuses on regulating its import and export. While these missions, particularly CBP's, impact the security of air cargo shipments, security is TSA's primary mission. In ATSA, Congress established two primary mandates for TSA regarding air cargo security:

- Provide for the screening of all property, cargo, carry-on and checked baggage and other articles, that will be carried aboard passenger aircraft operated by U.S. and foreign air carriers.
- Establish a system to screen, inspect, or otherwise ensure the security of freight that is to be transported in all-cargo aircraft as soon as practicable.

In January 2004, TSA approved its Air Cargo Strategic Plan, which the agency describes as using a "threat-based, risk-managed" and "multi-phased, layered" approach to strengthen air cargo security. The plan has four major elements.

- Enhancing the Known Shipper Program - TSA's "primary cargo security program". This prohibits air carriers from accepting cargo that does not originate from shippers who meet TSA's Known Shipper requirements.
- Establishing a Cargo Pre-Screening System - This system will identify potentially high-risk cargo and ensure that 100 percent of it is inspected.
- Establishing an Aggressive Research and Development ("R&D") Program.
- Implementing Additional Appropriate Measures - These include requiring background checks on persons with access to cargo and new procedures for securing aircraft between flights.

AIR CARGO INDUSTRY OVERVIEW

TSA enacted regulations implementing its Known Shipper program and requiring adoption of security programs for certain types of carriers, which detail procedures to screen cargo, verify the identities of persons with access to planes, and ensure the security of parked aircraft. TSA periodically issued security directives (“SDs”) and emergency amendments to security programs (“EAs”), to enhance these and other security measures. For example, TSA had required domestic and foreign carriers to conduct random inspections of passenger aircraft that carry cargo and all-cargo aircraft, and foreign all-cargo air carriers operating into and out of the U.S. to follow security plans approved by TSA. In addition, TSA developed canine detection teams and technology, including explosive detection machines, to enhance the effectiveness of its cargo security program. TSA initial efforts included rules that:

- Require safety threat assessments for individuals with unescorted access to cargo;
- Codify cargo screening requirements first implemented under SDs, EAs, and part 1550 programs issued in November 2003;
- Require airports with Security Identification Display Area (“SIDAs”) to extend them to cargo operating areas;
- Require aircraft operators to prevent unauthorized access to the operational area of the aircraft while loading and unloading cargo;
- Require aircraft operators under a full or all-cargo program to accept cargo only from an entity with a comparable security program or directly from the shipper;
- Codify and further strengthen the Known Shipper program;
- Establish a security program specific to aircraft operators in all-cargo operations with aircraft with a maximum certificated takeoff weight more than 45,500 kg;
- Strengthen foreign air carrier security requirements essentially to parallel the requirements on U.S. aircraft operators; and
- Enhance security requirements for Indirect Air Carriers (freight forwarders).

Meanwhile, CBP implemented the Congressional mandate passed as part of the Trade Act of 2002 to require advance transmission of electronic cargo information for both arriving and departing cargo. Air carriers importing and exporting cargo must submit detailed shipment information to CPB electronically. For shipments into the U.S., the information must be transmitted four hours prior to arrival for intercontinental flights and at “wheels up” for flights from Canada, Mexico, and Central and South America north of the equator. For exports from the U.S., the information must be provided two hours prior to scheduled departure from the last U.S. port. As the TSA explores implementing 100 percent inspection of belly cargo inbound into the U.S., the compatibility of standards, processes, and equipment utilized by international trading partners has become an issue that is still under discussion and an area of concern. Also still to be implemented is 100 percent inspection of cargo in freighters.

SAFETY CONSTRAINTS

Safety issues, which are addressed primarily by the FAA, will also continue to constrain the cargo sector. For years, the FAA has been conducting aviation safety oversight assessments of countries around the world, to determine whether U.S. aviation partners are complying with their obligations under the Chicago Convention to regulate their own carriers' safety practices. If the FAA finds a country to be doing so to its satisfaction, it assigns a Category I rating, and that country's carriers may continue to serve the U.S., and expand operations to the U.S., to the extent provided for in applicable bilateral agreements. If in the FAA's judgment the country is not in compliance with minimum international standards, it assigns a Category 2 rating. If a country has carriers with existing operations to the U.S. at the time it is assessed a Category 2 rating, those carriers are permitted to continue current operation levels under heightened FAA scrutiny. If a country does not have air carriers with operations at the time of the Category 2 assessment, its carriers are prohibited from serving the U. S. However, new operations from Category 2 countries are allowed if conducted using aircraft wet-leased from U.S. carriers or foreign carriers from Category 1 countries authorized to serve the U.S. with their own aircraft.

Some foreign countries have challenged the fairness of these FAA assessments, and have questioned the authority of the U.S. to police other countries' adherence to ICAO standards. However, as a practical matter, carriers from countries rated as Category 2 face very real constraints on their ability to serve the U.S. market, regardless of how high a level of safety those carriers may be able to demonstrate with respect to their own operations.

The United States has been focused on safety domestically as well. The National Transportation Safety Board ("NTSB") and Air Line Pilots Association have pointed out that there are significant differences between the safety standards for cargo and passenger operations. These include less stringent operating rules regarding flight and duty time limits, reporting weather information, and alternate airports, and use of flight dispatchers. Certification standards that apply to cargo aircraft, do not require safety equipment standard on passenger aircraft such as fire-suppression systems in the main cabin or lower decks, emergency exits, and exit slides. The relatively greater age of the cargo fleet means maintenance issues are more significant, including limited support from manufacturers. Moreover, many cargo aircraft undergo numerous modifications and reconfigurations, complicating maintenance. The airfield and firefighting requirements for airports that handle air cargo aircraft are not the same as those for air carrier passenger operations. Lastly, there are fewer federal certification or regulatory requirements for personnel and companies that prepare and load cargo.

To address air cargo safety issues, the FAA's Flight Standards Service developed the Cargo Strategic Action Plan and Air Cargo System Safety Implementation Plan (September 30, 2002), which identifies its long-term strategies as increasing inspector awareness on inspection guidelines by issuing an updated handbook policy and developing a formal training course. In addition, FAA plans to issue an Advisory Circular in the near future which addresses NTSB recommendations

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A-98-45 through -48, resulting from its investigation of the 1997 Fine Air crash, which focuses on proper loading of cargo. These and other measures have added to the cost of operating air cargo flights in the future.

While airports tend to focus on TSA Guidelines as they directly impact their own operations, it is important to understand how different elements of the shipping chain are affected.

Shippers and Forwarders: Cargo is generated by shippers that can vary in size from private individuals to multi-national corporations. The FAA originally imposed a “known shipper rule” that required carriers and freight forwarders accepting freight into the system for transport on a passenger aircraft to review the background of the shipper and qualify the entity as legitimate. In October 2002, the FAA strengthened this requirement limiting freight forwarders to submitting cargo to carriers only if the customer had used the forwarder for 24 shipments in the past two years. Further the shipper must have had some business dealings with the forwarder prior to September 1, 1999. If these conditions are not met, the forwarder, as part of a validation process, must inspect the shipper’s facility and review the financial records. These rules made it difficult for shippers to change forwarders and fostered the development of multiple accounts to mitigate potential problems in the event there was a problem with one forwarder.

If the cargo is determined not to be from a known shipper, then it must be screened before it can be placed on board a passenger aircraft. Because of the cost, operational challenges, and occasional delays inherent in the screening of some shipments, diversion to freighter aircraft has become an attractive alternative for shippers and forwarders. Tighter security and screening requirements have also created incentives for forwarders to consider relocation to an on-airport site in order to extend cut-off times and minimize the potential for delays that might be incurred during truck inspections.

Truck Substitution: A substantial amount of air cargo (anecdotal indicators are that as much as 25 percent of the cargo volumes at an airport are unreported because they move only on trucks) moves on trucks either as origin and destination freight, or as truck-to-truck freight. Since, truck-to-truck cargo does not need to be screened, the volumes increased dramatically after September 11, 2001 and much of the diverted freight has remained on trucks. Nevertheless, the truck-air relationship has remained intact if somewhat diminished. New security requirements on the cargo industry involving the implementation of higher levels of screening technology, greater processing costs, and lengthier processing times have reinforced this modal shift. Based on facility volumes and diversity of the shipping base, this translates into the need for a separate screening facility (if physically and operationally feasible), modifications to an airport’s infrastructure to include separation of truck and passenger vehicle traffic to and/or on the airport, further separation of vehicles in the air cargo areas, and modifications of the buildings and surrounding roadways to allow for a smooth flow of vehicles, easy truck parking, and minimal potential obstructions caused by queuing.



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Added security requirements may have affected the flow of cargo to an airport. In some instances trucks arriving at the cargo facility may be required to move to a holding area for more detailed inspection. More typically, because of lengthier time spent in the truck bays, unloading of trucks may be delayed and additional space could be required for vehicles queuing for routine inspections and access to the cargo areas. Delays to arriving trucks, particularly if those delays tend to be unpredictable, and of varying length, can create additional pressure on local shippers and forwarders to accelerate cut off times and reduce their consolidation potential. Air cargo typically moves in fairly well defined shipping windows, and most shipments are trucked to the airport as close to that window as possible.

At international gateways several hundred trucks could arrive at the airport over a two-hour period. In many instances, these trucks and their cargo must be screened and without proper facilities, delays could be extensive. The problem is exacerbated if the cargo is trucked over a large distance to airports with unpredictable screening delays. Ideally, an airport will provide the space necessary to develop effective screening facilities that can eliminate screening delays. This is a task now being looked at by the major gateways. A secondary, but no less important potential impact of the delays, is the effect extensive truck queues have on air quality. For airports already facing ceilings on noxious emissions, this could be a serious issue.

Belly Carriers: The passenger airlines, for which cargo often represents the margin of profit on many routes, have experienced decreases in both capacity and demand domestically. On the airside the effects of September 11, 2001 were immediate. First, the number of commercial flights was dramatically reduced. At hub airports, operations dropped as much as 27 percent. The resultant loss in belly cargo capacity forced the diversion of cargo to trucking and freighter/integrator traffic. Second, the TSA restricted the nature and sources of cargo that could be carried in passenger aircraft. Increased emphasis of the "Known Shipper" rule also accelerated the diversion. Third, carriers in many instances reduced the size of the aircraft, lowering operating costs, but also reducing belly capacity. Fourth, restrictions on the amount of personal possessions that passengers may carry on board forced additional baggage into the bellies, and further reduced available capacity for freight and mail. Lastly, because of the more stringent application of the Known Shipper rule, carriers became reluctant to, or constrained from accepting freight, and as a result referred many shippers to freight forwarders. Internationally, to better manage costs and achieve higher revenues, carriers are now utilizing wide-body belly capacity to a much greater extent. The challenge is to create consistent universally-accepted standards for belly cargo inspection which has become an issue for the TSA. The key to this is to ensure that only "Known Shippers" can have cargo loaded in passenger aircraft. Despite recent accord with Europe, a number of foreign countries are resisting the imposition of U.S. driven standards for operational and political reasons. As the industry works to resolve the issues, the fundamentals of the goods movement infrastructure have shifted, and the result has and will continue to impact the nature of, and demand for relevant airport facilities. Overall, as the air cargo market expands and volumes

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continue to grow, international belly cargo will remain viable but has become more expensive than in the past. Domestically the market will be challenged as freight forwarders continue to focus on the trucking alternative.

Freighter Operators: On a limited basis, freighter operators have been the beneficiaries of the industry's diminished belly capacity. As security requirements remain less stringent for these carriers, it enables them to theoretically capture a greater percentage of the market. As security requirements are finalized, the potential for operating delays due to screening both inbound and outbound cargo may eventually impact the use of freighters at heavily trafficked airports. Additionally, with the increasing shift of traffic to freighters in some markets, demand for aircraft parking positions is increasing. If airports cannot meet this demand through modification or additions to existing infrastructure, then the demand may shift away from some current gateways. Overall however, the tendency to utilize available belly capacity and more efficient handling services will mitigate demand and enable gateways to accommodate current and future freighter operations.

With most wide-body freighter operations focusing on international traffic, the challenge is to establish a level of confidence with security controls at international shipping points, given the almost limitless shipping points from which freight for the system can be generated. The imposition of unilateral security standards on a global basis is not immediately practical or politically viable, and restrictions on carriers or points of origin may appear arbitrary and be deemed undue constraint of trade. While it is likely that most nations and carriers will agree upon some basic common guidelines, the interim period will continue to be problematic from a security perspective.

Integrators: Integrators historically have created and operated security-oriented facilities and cargo systems. As a result modifications to their existing operations were less extensive than for most other carriers. However, their facilities and operations have been designed for tracking and safeguarding shipments once they have been accepted into the system. They perform random screening, but because of the nature of their business they cannot and do not conform to the constraints of the known shipper rule. Though different from each other, their superior tracking systems and time-definite delivery guarantees provide elements of operational security that other carriers typically lack.

A critical element of a number of integrator operations is trucking access to the aircraft ramp. At a number of airports this is permitted particularly when facilities are constrained or in some cases located entirely off-airport. This presents challenges to site design, administrative controls, and responding to competitive interests. The physical aspects are the most easily addressed. The real issues will be whether the TSA (as it addresses freighter screening in the future) will eventually limit ramp access for trucks, what the criteria for access will be, and under what circumstances exceptions, if any, can be made.



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The ground element of integrators' operations is expanding. The continued and increasing use of time-definite second and third day delivery means more utilization of trucks with greater on-airport queuing and parking requirements as well as additional levels of traffic. If time constraints on truck flows increase as a result of the screening requirements, integrators may shift more operations off-airport or seek an alternate airport where other truck traffic is not as heavy, from which to operate.

Ground-Handlers: While ground-handling companies have little to do with the entry and exit of goods into the system, handling company employees have access to cargo when it is on-loaded and off-loaded from aircraft and trucks, and in the warehouse prior to and after shipment. Many handling companies employ part-time workers and experience high turnover particularly at entry-level positions. This sometimes creates operating problems for cargo facilities. At larger airports there are sufficient options for handling so that this is not an issue.

1.2.2 IMPLICATIONS FOR AIRPORT SYSTEMS

As airports seek to increase revenues, cargo operations have become better appreciated as potential sources through increased rentals and/or fees. As the industry adjusts, these new cargo facilities must be designed to respond to increased demand for freighter aircraft parking and expanded trucking operations. An air cargo operation is an inter-modal operation. While traditional security applications have tended to focus heavily on the airside, there are three aspects of an air cargo leasehold that must be considered when addressing security issues.

1. The aeronautical component to include taxiways and ramps, including setbacks;
2. The building as it pertains to the dimensions, configuration, and operating characteristics of the internal space allocated to warehouse, office, and other related uses, and the concentration of truck and airside doors;
3. The landside component to include building frontage, queuing capacity, parking for customers and employees, and roadway access.

Most of the physical provisions for anti-terrorism security also pertain to anti-theft.

Aeronautical Component: The aeronautical operating area ("AOA") includes aircraft parking apron that is usually adjacent to the cargo building, as well as the taxiways and taxi-lanes that provide access, and any restricted service roads ("RSR") or non-licensed vehicle roads ("NLVR") that enable belly cargo tugs to move on non-public roads to and from the passenger terminals. Direct aeronautical access to aircraft apron is not necessary for every tenant. Passenger-only carriers and handling companies that deal with belly cargo need only be connected to the AOA via a restricted service road. However, most carriers flying freighters, or handling companies dealing with freighters, need to have ramp access, and most appropriately, ramp directly adjacent to the cargo building to minimize operating costs.



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Building Component: The dimensions of a building directly impact the number of access points on both the airside and landside, and the resultant complexity of access control. Buildings must be designed with throughput, operating efficiencies, and leasing costs in mind. In leasing cargo facilities, rental rates are based on the leasehold square footage and the footprint of the building, while the tenant's operating efficiencies, in many cases, may be substantially enhanced by the height of the facility. The design and installation of security systems can add costs and may impact throughput capabilities. Other critical elements in building design are the number, dimensions, and spacing of cargo doors on the aeronautical and landsides, the use of floor versus mezzanine office, and storage for equipment. The TSA requirements for screening can add from 5,000 to 10,000 square feet of space to a cargo facility. This would allow cargo to be off-loaded from a truck, broken down for screening, screened, and then rebuilt in shipping containers. For smaller operations with limited space, this is extremely problematic from both a financial and operational perspective.

Building Access: Facility access must be tightly controlled. Cargo facilities with their extensive truck bays offer a number of access opportunities that must be controlled by observation and physical barriers. These can be as basic as keeping the bay doors closed until a truck is in the dock, or monitoring and enforcement of the "yellow line." The "yellow line" is an actual line that is painted on the floor of cargo facilities parallel to the front (landside) of the building. (This is giving way where feasible to actual physical barriers). Usually it is 20 feet from the bay doors and defines the point beyond which unauthorized personnel may not pass. This authorization typically is by the airport based on tenant recommendations and appropriate screening. Usually, this authorization is very limited and seldom includes non-facility employees. This concept is recognized by the trucking industry whose drivers need to be inside the cargo building to load and unload the vehicles. Part of the difficulty in securing a cargo facility is the diversity of the population who need to access it, and the differences in the levels of access that each require. Office space should be physically separated and secured from the warehouse, but provide easy access for customers at the ground level. Access to a mezzanine office should not require non-employees to enter warehouse space.

Single-Tenant Facilities: Single tenant facilities, whether carrier or handling company controlled, are easier to secure than multi-tenant buildings. There are no concerns over the integration of individual tenant security systems and technology, fewer access points, direct accountability, and lower installation costs. The building system should be linked to airport security, and local law enforcement as necessary and appropriate. The interior design should allow for the control of visitors in a single area without impacting efficiency or effectiveness. As compared to a multi-tenant facility it has the benefits of more visible and known staffing, and an interior that is more open to observation of the cargo areas. At most airports, however, single tenant buildings are not the predominant facility.

Multi-Tenant Facilities: Multi-tenant facilities represent challenges from a number of perspectives. Unless the facility has been developed or is managed by a third party, the most problematic issue is accountability for day-to-day security in common building areas and within the vehicle areas. Historically, airports have had



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difficulty with tenants failing to perform even routine maintenance or policing of such areas. Insurance issues associated with security accountability can create a challenge. These facilities typically have multiple access points in order to serve the tenants; this adds difficulty and cost to access control. A more complex issue is the introduction of security technology into the building. With a single tenant with uniform operating equipment and procedures, the design and implementation of security technology to include such items as physical characteristic verification devices, Closed Circuit Television ("CCTV"), screening devices, etc. is less expensive and easier to maintain. In new facility development, the building design should incorporate security systems and technology enabling amortization of the investment over a longer period of time and minimizing the impacts on tenants. The addition of individual tenant systems after leasing is typically more costly to the tenants and more difficult to monitor and maintain.

Landside Component: The landside element of an air cargo facility must have sufficient space for truck turning and queuing, acceptable proximate roadway geometry, and acceptable overall access to the leasehold. In many airports, older cargo facilities were not designed to accommodate the larger trucks that are typically used today for long haul trucking. This is true of the areas surrounding the cargo buildings, as well as the access roads to the cargo areas in general. Ensuing problems usually result in diminished traffic flows, random off-site truck parking, and a negative impact on air quality. Another critical element of landside planning is the automobile parking requirements for the facility. Typically a freight operation does not require extensive parking; however, on an airport the need can vary. Both employees and customers must have proximate parking that is physically separated from the trucking operations. In instances where automobile parking is limited, employee parking is usually shifted to a remote area, shuttles are set up, and operating costs are increased.

Roadways: In an ideal environment, trucking activity, beginning with entry onto the airport grounds, should be separated from automotive/passenger traffic. A system of readers and transponders will allow a central control to track the vehicle from the airport entry as it moves to a central screening area, and eventually, the cargo facility. Electronically cross-referencing the driver with the truck should also be included at the screening facility. Roadways should be wide enough and have geometry appropriate to allow for easy unrestricted movement, and the ability to avoid a blockage. The problem is that many airports do not have roadway systems that provide for optimum vehicle separation, nor do they have the geographic capacity to make modifications. In other instances, the capacity to develop a truck screening facility with appropriate queuing areas may also be lacking. For those airports with the space to accommodate potential changes to trucking movements, the cost of creating new screening facilities and potentially miles of road, may be prohibitive unless a third party is involved.

Parking Lot Access: To mitigate against theft, a well-designed cargo facility requires that automobiles and trucks be segregated with regard to both access and egress to the complex, as well as parking for the vehicles. This separation should be physical with employee and visitor lots positioned away from the building and secured with a single manned pedestrian access gate. All employees and visitors



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should be checked and be subject to local security and administrative processes. No employee vehicle parking should be adjacent to the building. (Airport statistics indicate that the majority of theft is by employees. Moving the cars away from the building reduces opportunities.) Parking for key management staff or for persons with disabilities, should be provided as appropriate, however, even this parking should be designed away from cargo bay doors.

1.2.3 MAJOR GATEWAY SHIPPING

One of the major side effects of the new air cargo security guidelines has been that the economies of scale offered by the gateways and the proportionately higher costs of screening at small to mid-size facilities encourages the migration of cargo screening to the gateways. The utilization of a centralized cargo screening facility at a gateway can offer further incentives to this shift.

1.2.4 RATIONALIZATION OF BELLY CAPACITY

As carrier fleets expand to accommodate international passenger demand they have almost universally up-gauged to wide-body aircraft. Both Emirates and Etihad are prime examples of carriers whose long-term plans for the carriage of cargo shifted from a 70 percent to 30 percent mix of freighter to passenger lift, to 30 percent to 70 percent. Freight forwarders have been quick to capitalize on this shift which allows them to ship freight in the lower-priced bellies. Although the use of freighters will still continue to grow as gross industry volumes increase, carriers will continue to make better use of previously underutilized space in the passenger fleets. This exacerbates gateway fragmentation and has had a severe and ongoing impact on JFK.

1.2.5 EMERGENT GATEWAY FRAGMENTATION

The basic issue is that inland airports because of growing demand, better aircraft technology, and evolving carrier route structures have introduced a number of international routes. These new flights, although of relatively limited frequency, all serve to pull belly cargo out of the major gateways particularly on long-haul international flights. This represents the greatest challenge to an existing, mature gateway because it is extremely challenging to structure any rational counter to the use of available belly space from an inland airport.

1.2.6 MODAL SHIFTS

As discussed above, costs (mostly associated with security) have helped shift a substantial amount of domestic air cargo to trucks. This trend began in 2000 as many businesses in the face of a developing recession, began to opt for second and third day delivery of shipments as opposed to overnight delivery. At a number of airports, cargo facilities have become truck terminals. Interestingly, much of the tonnage has not disappeared; it has instead shifted to trucks and is not reported. On the international side, shipping historically has focused on dramatically different products which are typically incompatible with air freight. More recently however, the advent of the "fast ship" has attracted attention from some shippers because of



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the vastly improved product. Maersk has introduced a new ship that is 1,302 feet long, and has a net cargo capacity of 123,200 tons that can be transported much more cheaply than by air. Most remarkable, the ship carries a crew of only 13, and cruises at 31 knots – halving the time of typical trans-oceanic shipping

1.2.7 LIBERALIZATION

International air service liberalization continued after 2000 although the pace has been much slower than in the previous decade. Major liberalizations include Turkey (2000), France (2001), India (2005), Australia (2008), Brazil (2010), and Japan (2010). The Single Market Agreement with the European Union in 2007 lifted restrictions on services to London Heathrow. While the Chinese bilateral remains very restrictive, negotiations in 2005 allowed additional services. Several of the U.S.-China bilateral revisions resulted in new routes from ORD, EWR, and ATL. The changes created tangible benefits for some airports. Delta Air Lines could now fly from JFK to London Heathrow, joining British Airways, American Airlines, Virgin Atlantic, and Kuwait Air. Delta also started services to Dublin without the need to serve Shannon too. Delta Air Lines inaugurated nonstop services to Tokyo in 2009. However, these liberalization measures were much more important to the interior hubs. ATL, Charlotte Douglas International (“CLT”), DFW, and other airports obtained their first nonstop flights to London Heathrow Airport (“LHR”). Before the 2007 Single Market agreement, their flights were required to use less popular London airports such as Gatwick Airport (“LGW”). This is consistent with a broader pattern, in which liberalization creates very large opportunities for new gateways, but only incremental gains for established gateways.

1.2.8 EMERGENCE OF NEW MARKETS

New markets are developing in Eastern Europe, Africa, and the Middle East - markets with which JFK, PHL, MIA, and ATL has substantial connectivity - that will probably have some impact in the next five years. Africa has been a difficult market to anticipate since it has had substantial ups and downs economically. Nevertheless, most industry analysts anticipate expansion for the African markets. Airports in the Middle East are building substantial portions of their growth assumptions around economic development in the African nations. Of the major gateways in North America, New York, Miami, and Atlanta are best positioned to pursue this market. However, of the three, New York has the greater physical capacity and interlining diversity. The Middle East continues to prosper as a transfer center for cargo with its three main carriers, Emirates, Etihad, and Qatar aggressively pursuing expansion and competing with one another. It is unclear whether the transfer strategies of these carriers will remain sustainable as new more fuel efficient aircraft facilitate expanded non-stop capability to the industry. Additionally, carriers are also expanding their markets. Between 2000 and 2010, Delta Air Lines inaugurated nonstop flights to Accra, Bogota, Dakar, Montego Bay, Port au Prince, Prague, Santo Domingo, Sao Paulo, Tel Aviv, Tokyo, and other destinations. This expansion increased the supply of belly capacity at JFK.



1.2.9 CHANGING DISTRIBUTION SYSTEMS

Prior to the economic downturn of 2008-2010, there was increasing interest on the part of Asian manufacturers and shippers in general, and Chinese industry in particular of shifting some manufacturing out of Asia back to North America and Europe. This interest will continue as the economy recovers. Rising labor costs in Asia, the accelerating consumption of a growing middle class, higher fuel costs, and the added expense of security screening have increased shipping costs substantially. This makes this repatriation of previously exported industry and the importation of new business to the U.S. and Europe more viable. As this trend matures international shipping will be adversely affected. Domestically, manufacturing and distribution continue to move to a decentralized business model in order to reduce the cost of transportation logistics. This increases demand for trucking and conversely reduces the need for air support.

1.2.10 GROWTH OF ACMI CARGO OPERATORS

As carriers move to “right-size their fleets, many are shifting away from owning their freighters preferring instead to “wet-lease” their all-cargo aircraft to include the ACMI. This strategy also reflects the greater reliance on wide-body belly capacity for most shipping, and an increasing dependence on outsourcing for unusual or peak shipping requirements. The higher costs of the leases are off-set by reduced maintenance and operating costs incurred by the carriers. A side effect of this trend is that airports do not always know which carrier has chartered the operation. This can be problematic for planning both aircraft ramp and facility size unless appropriate tracking is in place that tells the airport where the aircraft is parking and for which carrier the aircraft is flying.

1.2.11 THIRD PARTY DEVELOPMENT AND LEASING

As carriers pull back from owning or leasing property on an airport, the gap has been filled by third party developers typically in partnership with the airport. More recently cargo handling companies have become part of the equation. The handlers are now either financing the development or leasing the facility. This enables them to make better use of space and manage physical and human resources more effectively. This concept also lends itself to a “common-use” pricing structure in which the airport receives revenues on processed cargo rather than a square footage basis. If structured properly this kind of arrangement can reduce start-up costs and have a higher payout for all parties as the operation matures.

1.2.12 THE CARGO VILLAGE

Perhaps the most visible and discussed phenomenon is the emergence of the “Cargo Village.” Despite its increasing popularity, this is simply a new name for an on-airport logistics complex. It can include virtually any elements of the air cargo industry, but for the most part, given restrictions on commercial development at most airports, is best focused on carriers, forwarders, customs brokers, and other directly supporting services as opposed to manufacturing and assembly. One of the

AIR CARGO INDUSTRY OVERVIEW

fallacies in the industry is that such complexes will attract cargo. They are usually only successful if there is an existing or strong potential market. While they have a limited marketing appeal, their value, if properly constructed is to create functional proximities that will enable tenants and users to realize cost benefits and time savings. The gateway airports, space permitting, have an ideal market for such a development provided it can be built and leased for rates that the industry will accept.

1.2.13 CENTRALIZED SCREENING FACILITIES

Because of the costs associated with screening belly cargo, independent contractors have begun developing certified screening facilities that are designed to service multiple small users including shippers, forwarders, and carriers. Using economies of scale, these facilities (best located on-airport) enable these users to reduce the cost of screening, or the issues associated with retrofitting their own facilities to accommodate the screening process.

1.2.14 GROWTH OF LOW COST CARRIERS

Low cost carrier JetBlue has developed a hub at JFK. Its narrow-body aircraft, high density seating, and domestic network limits its ability to carry air cargo. In 2010, it carried 24.9 percent of JFK's passengers but only 0.5 percent of its cargo.¹ JetBlue has alliances with American, South African, Aer Lingus, Virgin Atlantic, Jet Airways, El Al, and Lufthansa (which holds a 19 percent interest in JetBlue). By strengthening their passenger business, JetBlue indirectly helps them offer by-product space for cargo. Other low cost carriers at other airports are serving in a similar capacity providing a limited incremental cargo capacity but enhancing passenger connectivity and creating international interlining opportunities.

1.2.15 INDUSTRY ALLIANCES AND CONSOLIDATIONS

Airline alliances continued to evolve in 2000-2010. SkyTeam was established in 2000. Both the Star Alliance and OneWorld have continued to recruit new members. Several airlines have, in fact, left one alliance and joined another as strategies for growth create the potential for new partnerships. The alliances have particularly helped DTW, EWR, Minneapolis-St. Paul International Airport ("MSP"), Memphis International Airport ("MEM"), Washington Dulles International Airport ("IAD"), ATL and ORD obtain new international services. The alliances have contributed to the expansion of international flights at alternative airports reducing the need for many travelers to transit coastal gateways such as LAX or JFK. Delta's strong position at JFK and its domestic feeder network strengthens other SkyTeam members at the Airport. Conversely, United provides strong traffic feed to the Star Alliance at EWR, but limited feed at JFK. SkyTeam includes a cargo alliance among a subset of its members. This alliance has not had a significant impact on air cargo. The passenger airlines have largely ceded control of the market to integrators and forwarders. The forwarders' consolidation gateways and road

¹ Sources: United States Department of Transportation Reports 28DM and 28IM;

AIR CARGO INDUSTRY OVERVIEW

feeder services provide them with traffic feed from points not served by their purchases of aircraft capacity. The gateways therefore serve as a substitute for airline alliances.

The 2000-2010 period, was characterized by mergers and consolidations. These included America West/US Airways (2005), Delta/Northwest (2008), United/Continental (2010), British Airways/Iberia (2010), Lufthansa/Austrian (2009), Lufthansa/Swiss (2007), Air France/KLM (2004), and others. The U.S. mergers have resulted in extensive corporate, operational and marketing integration. The European mergers created holding companies, with the original entities continuing as subsidiaries. The decade also saw UPS acquire Menlo Worldwide Forwarding (and Emery), DHL absorb Airborne, and BAX Global be taken over by Shenteks – a major freight forwarder.

The United-Continental merger could lead to a network realignment. The reconfigured airline currently has hubs at both EWR and IAH. Their proximity could create redundancies. United has announced that it will shift summer-only Dublin/Manchester flights from EWR to IAH. The IAH-Buenos Aires flight will be transferred to EWR. Through acquisition of Continental's hub at EWR, United has obtained a very strong New York-centered network. The EWR hub could marginalize the Star Alliance services at JFK. The Northwest-Delta merger was a factor in the restoration of a nonstop JFK-Tokyo airports flight which Northwest had previously discontinued.

The mergers have resulted in large losses of service at some secondary hubs such as Cincinnati/Northern Kentucky International Airport ("CVG") and Memphis. At the major gateways, they prompted the consolidation of terminals, leases, gates, and counter space. They have not significantly affected total capacity or the availability of international services.

1.2.16 AIRPORT MARKETING

Since September 11, 2001 and the subsequent adverse impacts on airport and airline revenues, airports have increased their focus on cargo and cargo-related activities to augment cash flows. While most airports are not well-positioned to compete in the international market, the numbers alone create a competitive presence and a range of alternatives that did not exist prior to 2000. Through working directly with the airlines and government officials, a number of airports have been able to achieve increases in air services for both passenger and cargo.

1.2.17 EMISSIONS TRADING

The growing concerns about anthropogenic carbon dioxide and its impact on climate have prompted several governments to impose carbon taxes and emissions trading schemes. Although aviation is a relatively small source of greenhouse gases, it is growing rapidly. The European Union proposes to extend its ETS to aviation and include foreign carriers. The political and economic issues are very complicated. Each airline would be granted an initial quantity of carbon allowances, but must purchase the remainder. Most planners use a baseline of 30 Euros per ton of

AIR CARGO INDUSTRY OVERVIEW

carbon dioxide for each allowance. The cost of the allowance would raise the effective price of fuel by 12.56 percent if applied. Since an airline would be granted initial allowances and not all of a flight's path would necessarily be subject to ETS, the effective cost increase would be less than 12.56 percent.

The industry outside the European community has resisted this policy change. The added costs will lead to higher fares and air cargo charges which will reduce the growth of the industry. Changes will be particularly detrimental to the smallest commercial aircraft and short routes, where fuel consumption per unit of capacity is the highest. If implemented industry-wide consequences could affect gateway traffic, but would not directly impact the airports. The European Union ("EU") recently issued a decision against exempting US and other non-EU carriers from the program.

SECTION 2

AIR CARGO HISTORICAL PERFORMANCE AND FORECAST

This Section is intended to provide an overview of the airports designated for study and present a generic forecast of projected cargo activity at the facilities.

2.1 AIRPORT OVERVIEWS

As part of the overview, each of the nine airports was looked at and a comparative summary prepared using data gathered from the Airports Council International, airport reports and source documents, and the Air Transport Research Society (ATRS). The airports are listed in alphabetical order. The financial data reflect information available from the source at the time this document was developed. Cargo data are the most current full year statistics.

AIR CARGO INDUSTRY OVERVIEW

Hartsfield-Jackson Atlanta International Airport ATL

Atlanta, Georgia

Fiscal Year End: June 30, 2009

Capacity	
Runways	5
Annual Metrics Tonnes Handled (2011)	663,162
Employees	618

Fee Structure	
As of July 2010:	
Landing Fees	
Signatory (per 1,000 lbs)	\$ 1.07
Non-Signatory (per 1,000 lbs)	\$ 1.52

Revenues		2009
Total Operating Revenue		\$ 394,336,444
% Aeronautical Revenue		41%
% Concession Revenue		27
Net Operating Income		\$ 215,773,444
Passenger Facility Charges (PFC)		\$ 166,911,292
Operating Margin		55
Movements per Day		2,624
Daily Gate Utilization		1,306

Ownership & Management

Hartsfield-Jackson Atlanta International Airport is owned by the City of Atlanta and operated by its Department of Aviation. A management company operates and manages the terminal activities; the Central Passenger Terminal Complex (CPTC) lease stipulates that the signatory airlines are responsible for maintaining and operating the passenger terminal buildings. The signatory airlines contract out maintenance and operation services to a third-party provider (a company primarily owned by the signatory airlines, with the city of Atlanta having a 7% share in the company). The City of Atlanta and the Department of Aviation are thus responsible for long-term strategic planning, including capital investment decisions.

Sources: Air Transport Research Society (ATRS); Landrum & Brown

Airport Statistics	2003	2005	2007	2009	2010	2011
Air Operations	898,488	967,714	981,402	957,860	950,119	923,996
Passengers (000)s	79,087	85,907	89,379	88,649	89,331	92,389
Cargo (metric tons)	800,820	767,897	730,730	571,255	659,129	663,162

*2010 & 2011 data from ACI Worldwide Airport Traffic Statistics



Notes and Observations

- In 2010 ATL was ranked by the Airports Council International 10th in North American cargo traffic.
- In Jan 2009, ATL retains title of world's busiest airport
- ATL was the first US airport to be named Air Cargo Week's Airport of the Year. It also received Air Cargo World's Awards of Excellence.

AIR CARGO INDUSTRY OVERVIEW

Dallas/Fort Worth International Airport DFW

Dallas, Texas

Fiscal Year End: September 30, 2009

Capacity	
Runways	7
Annual Metrics Tonnes Handled (2011)	654,415
Employees	1,766

Fee Structure	
As of January 2010	
Landing Fees (per 1000 lbs. MGLW)	
Signatory	\$ 4.70
Non-Signatory Permittee	\$ 5.41
Non-Signatory non-Permittee	\$ 6.12
Parking Charge (Per max 12 hr. blocked period or portion of)	
Single Aisle	\$ 100.00
Double Aisle under 300,000 MGLW	\$ 150.00
Double Aisle 300,000-750,000	\$ 200.00
Double Aisle over 750,000	\$ 500.00
Passenger Charge (per departing passenger)	\$ 4.50
Facility Charge (per arriving passenger)	
Up to 12,500 lbs.	\$ 65.00
12,500-25,000 lbs.	\$ 85.00
25,001-50,000 lbs.	\$ 105.00
50,001-100,000 lbs.	\$ 125.00
Over 200,001 lbs.	\$ 145.00
FIS Charge (Terminal D Per Arriving Passenger) Signatory:	\$ 165.00
Non-Signatory/permittee:	\$ 6.00

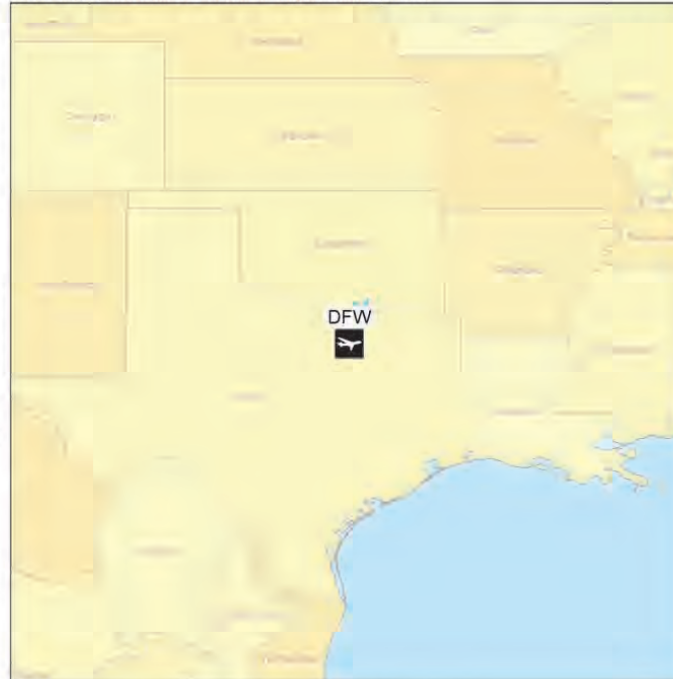
Revenues	2009
Total Operating Revenue	\$ 503,517,475
% Aeronautical Revenue	46%
% Concession Revenue	17%
Net Operating Income	\$ 135,017,766
Passenger Facility Charges (PFC)	\$ 104,902,704
Operating Margin	27%
Movements per Day	1,734
Daily Gate Utilization	1,057

Ownership & Management
 Since 1968, Dallas/Fort Worth International Airport has been developed and operated as a joint venture between the cities of Dallas and Fort Worth. The Airport's Board of Directors consists of 7 members appointed by the City of Dallas, 4 members appointed by the City of Fort Worth, and 1 non-voting member appointed by one of the 4 adjacent cities (rotates between these cities on an annual basis). The Board is a semi-autonomous body charged with governing the Airport. Initial capital was contributed by the Cities, and the Cities must approve the Airport's annual budget and any bond sales. However, the Board is able to enter into contracts without the Cities' approval, and the Cities are not responsible for the debt of the airport, as no local tax proceeds are used to fund the airports operations.

Sources: Air Transport Research Society (ATRS); Landrum & Brown

Airport Statistics	2003	2005	2007	2009	2010	2011
Air Operations	759,288	725,716	681,327	633,000	652,261	646,803
Passengers (000)s	55,151	52,471	59,095	55,922	56,906	57,744
Cargo (metric tons)	862,000	660,089	754,778	626,000	645,426	654,415

*2010 & 2011 data from ACI Worldwide Airport Traffic Statistics



Notes and Observations

- In September 2009, DFW began its 8-year Terminal Development program where 4 35-yr old terminal buildings will receive upgrades.
- Starting December 2009, the Open Skies agreement between US and Japan allowed DFW's hub carrier to work more closely with its oneworld alliance partner, Japan Airlines as well to apply for antitrust immunity. The immunity would mean more flights for DFW.
- In March 2010, DFW was named "Best Cargo Airport in North America" by Air Cargo World.



AIR CARGO INDUSTRY OVERVIEW

Newark Liberty International Airport EWR

Newark, New Jersey

Fiscal Year End: December 31, 2009

Capacity	
Runways	3
Annual Metrics Tonnes Handled (2011)	813,209
Employees	300

Fee Structure As of May 2009	
Landing Charge MTOW	
Flight fee (per 1000 lbs.)	\$ 6.27
AirTran	\$ 2.03
Peak Surcharge	\$ 100.00
Parking Charge (first hr. free)	
Up to 100,000 lbs. (for each additional 8 hrs.)	\$ 25.00
100,001-200,000 lbs. (for each additional 8 hrs.)	\$ 40.00
Over 200,001 lbs. (for each additional 8 hrs.) + \$12 per 25,000 lbs.	\$ 40.00
Terminal Charge (per arriving and departing passenger)	\$ 4.50
Police Guard Charge (for each 8 hr. police tour)	\$ 5.90
Counter Charge (Terminal B)	\$ 550.00
With Baggage Belt	\$ 5.60
Without Baggage Belt	\$ 4.25
FIS Charge (per arriving international passenger)	\$ 16.00

Revenues	2009
Total Operating Revenue	\$ 726,074,932
% Aeronautical Revenue	71%
% Concession Revenue	1%
Net Operating Income	\$ 322,209,315
Passenger Facility Charges (PFC)	\$ 65,504,493
Operating Margin	44%
Movements per Day	1,128
Daily Gate Utilization	84%

Ownership & Management

The Port Authority of New York and New Jersey (PANYNJ) have operated Newark International Airport since 1948 under a lease with the City of Newark. PANYNJ's Aviation Department is responsible for the operating and development of the three New York airports - Newark, LaGuardia, and John F. Kennedy. The Port Authority is a financially self-supporting public agency that receives no tax revenues from any state or local jurisdiction and has no power to tax. It relies almost entirely on revenues generated by facility users, tolls, fees, and rents. The Governor of each state appoints six members to the Board of Commissioners, subject to the state senate approval. Board Members serve as public officials without pay for overlapping six-year terms. The Governors retain the right to veto the actions of Commissioners from his or her own state.

Sources: Air Transport Research Society (ATRS); Lendrum & Brown

Airport Statistics	2003	2005	2007	2009	2010	2011
Air Operations	405,684	435,550	436,113	411,607	403,880	399,141
Passengers (000)s	29,429	33,218	36,367	34,391	33,107	33,711
Cargo (metric tons)	808,029	950,126	963,794	779,642	855,594	813,209

*2010 & 2011 data from ACI Worldwide Airport Traffic Statistics



Notes and Observations

- The modernization of LWR's Terminal B continues. The lower level and inline baggage screening system was updated and completed.

- Work was also completed on the airports concession development project which adds more than 30 new or redeveloped concession spaces. The airport is part of the 2012 regional capacity analysis that will identify long-term infrastructure improvements.



AIR CARGO INDUSTRY OVERVIEW

Houston-Bush Intercontinental Airport

IAH

Houston, Texas

Fiscal Year End: June 30, 2009

Capacity	
Runways	5
Annual Metrics Tonnes Handled (2011)	446,328
Employees	674

Fee Structure	
As of June 2009	
Landing Charge (per 1000 lbs. MGLW)	\$2.95
Parking Charge (Average rate/sq. ft.)	
Terminal A	\$ 2.87
Terminal B	\$ 2.67
Terminal C	\$ 2.47
Terminal E	\$ 2.27
Terminal Charge (Terminal D) - arriving passenger	\$ 4.15
Terminal Charge (Terminal D) - departing passenger	\$ 5.90
Baggage Charge (Terminal D)	\$ 5.26
FIS Charge (per passenger)	\$ 9.13
Rental Charge	
Operations/Admin Space	\$ 93.85
VIP & Club Space	\$ 48.34

Revenues		2009
Total Operating Revenue		\$ 318,165,481
% Aeronautical Revenue		66%
% Concession Revenue		11%
Net Operating Income		\$ 131,004,260
Passenger Facility Charges (PFC)		\$ 23,046,015
Operating Margin		41%
Movements per Day		1,474
Daily Gate Utilization		829

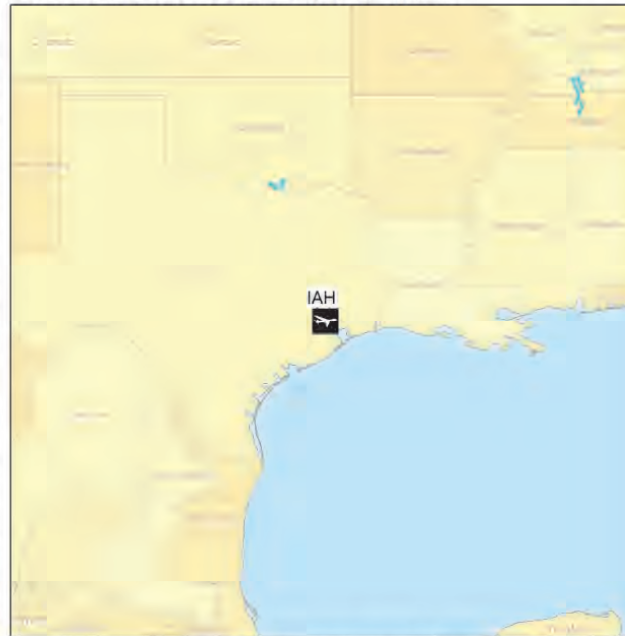
Ownership & Management

Houston-Bush Intercontinental Airport is one of the three facilities (along with William P. Hobby and Ellington Field) in the Houston Airport System. The local Department of Aviation is responsible for operating and maintaining the system, and has attempted to introduce private-sector philosophies to these publically owned airports. The Houston Airport System is self-sufficient, as operations, maintenance, and capital development are funded from user fees, rentals, and other charges. No local tax dollars are used. All revenue surpluses are retained for reinvestment in capital projects and for debt coverage.

Sources: Air Transport Research Society (ATRS); Landrum & Brown

Airport Statistics	2003	2005	2007	2009	2010	2011
Air Operations	458,347	538,803	589,117	538,168	531,347	517,262
Passengers (000)s	33,413	38,426	42,815	39,639	40,479	40,128
Cargo (metric tons)	301,320	346,050	368,131	372,662	423,483	446,328

*2010 & 2011 data from ACI Worldwide Airport Traffic Statistics



Notes and Observations

-In July 2010, IAH received its first low-cost foreign flag carrier: Viva Aerobus which provides non-stop service from IAH to Monterrey, Mexico.

-In December 2009, IAH handled its first flight delivering cargo to the new Houston Fresh Air Cargo IAH center. This facility processes time and temperature sensitive products.



AIR CARGO INDUSTRY OVERVIEW

New York John F. Kennedy International Airport JFK New York, New York Fiscal Year End: Dec. 31, 2009

Capacity	
Runways	4
Annual Metrics Tonnes Handled (2011)	1,348,992
Employees	325

Airport Statistics	2003	2005	2007	2009	2010	2011
Air Operations	276,685	346,709	443,750	416,945	397,419	411,226
Passengers (000)s	31,735	40,884	47,717	47,323	46,495	47,683
Cargo (metric tons)	1,627,153	1,644,526	1,607,050	1,261,480	1,343,114	1,348,992

*2010 & 2011 data from ACI Worldwide Airport Traffic Statistics

Fee Structure As of Jan 2009:	
Landing Fees	
Landing Charge MTOW	
Scheduled Carriers (per 1,000 lbs)	\$ 5.30
Peak surcharge between 3pm-10pm	\$ 100
Min per takeoff	\$ 25
Parking Charge	
First hour	free
Up to 100,000 lbs (for each additional 8 hrs)	\$25
100,001-200,000 lbs (for each additional 8 hrs)	\$40
Over 200,000 lbs (+ \$12 per 25,000 lbs over 200,000 lbs)	\$40
Passenger Charge (per departing passenger)	\$4.50
Police Guard Charge (for use of police security for each 8 hr police tour)	\$ 1,265



Revenues 2009	
Total Operating Revenue	\$ 970,200,840
% Aeronautical Revenue	74%
% Concession Revenue	5%
Net Operating Income	\$ 327,621,066
Passenger Facility Charges (PFC)	\$ 91,069,337
Operating Margin	34%
Movements per Day	1,142
Daily Gate Utilization	1,099

Ownership & Management

The Port Authority of New York and New Jersey (PANYNJ) have operated New York John F. Kennedy International Airport since 1947 under a lease with the City of New York. PANYNJ's aviation department is responsible for the operating and development of the three New York airports - John F. Kennedy, LaGuardia, and Newark. The Port Authority is a financially self-supporting public agency that receives no tax revenues from any state or local jurisdiction and has no power tax. It relies almost entirely on revenues generated by facility users, tolls, fees, and rents. The Governor of each state appoints six members to the Board of Commissioners, subject to state senate approval. Board Members serve as public officials without pay for overlapping six-year terms. The Governors retain the right to veto the actions of Commissioners from his or her own state.

Notes and Observations

- In 2010 JFK was ranked by the Airports Council International 19th overall in the world and 7th in North America for total cargo traffic.
- In 2009, the Port Authority aimed at reducing delays by awarding a \$376 Million contract to reconstruct and widen the Bay runway. The Bay Runway re-opened in June 2010 on time and on budget. During the closure of the runway, a state of the art flight departure management system was used where the system would make sure only 8-12 airplanes were in line for takeoff at a particular runway at any one time during peak hours. In July 2010, it was announced that the program will continue to be used for a year's trial.
- In April 2010, the Port Authority Board approved the construction of an environmentally friendly multi-fuel service station at JFK. The station will help JFK's important cargo business by providing full-service amenities for trucks and their drivers. The airport is part of the 2012 regional capacity analysis that will identify long-term infrastructure improvements.

Sources: Air Transport Research Society (ATRS); Landrum & Brown



AIR CARGO INDUSTRY OVERVIEW

Los Angeles International Airport LAX Los Angeles, California

Fiscal Year End: June 30, 2009

Capacity	
Runways	4
Annual Metrics Tonnes Handled (2011)	1,681,611
Employees	3,292

Fee Structure	
As of Aug 2009:	
Landing Fees (per landing)	
25 tons or less Permitted	\$102
25 tons or less Non-Permitted	\$128
Landing Fees (per ton)	
Over 25 tons Passenger Permitted	\$4.07
Over 25 tons Passenger Non-Permitted	\$5.09
Over 25 tons Cargo Permitted	\$3.33
Over 25 tons Cargo Non-Signatory	\$4.16
Commuters not using terminal apron Permitted	\$3.33
Commuters not using terminal apron Non-Permitted	\$4.16

Revenues		2009
Total Operating Revenue	\$	679,251,020
% Aeronautical Revenue		59%
% Concession Revenue		29%
Net Operating Income	\$	156,339,988
Passenger Facility Charges (PFC)	\$	103,982,511
Operating Margin		23%
Movements per Day		1,490
Daily Gate Utilization		1,324

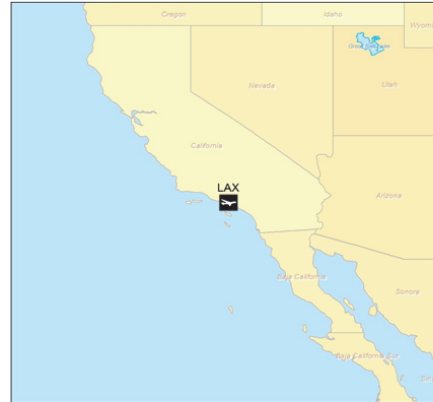
Ownership & Management

The Los Angeles World Airports (LAWA) is an independent and financially self-sufficient department of the City of Los Angeles. LAWA owns and operates Los Angeles International Airport, along with three smaller airports in the Southern California region. LAWA is managed and controlled by a 7 member Board of Airport Commissioners. The Board is responsible for capital acquisition and development, operations, finance of development projects, rates and charges determination, and fees collection from airport users. An Executive Director administers LAWA and reports to the Board.

Sources: Air Transport Research Society (ATRS); Landrum & Brown

Airport Statistics	2003	2005	2007	2009	2010	2011
Air Operations	621,137	637,026	645,397	543,670	575,835	702,895
Passengers (000)s	55,307	61,244	61,534	56,547	58,915	61,862
Cargo (metric tons)	1,822,263	1,955,722	2,075,638	1,615,315	1,810,345	1,681,611

*2010 & 2011 data from ACI Worldwide Airport Traffic Statistics



Notes and Observations

- In 2010 LAX was ranked by the Airports Council International 14th overall in the world and 5th in North America for total cargo traffic.
- In July 2010, many airlines decided to offer new air service or additional flights at LAX due to the slight upturn in the economy.



AIR CARGO INDUSTRY OVERVIEW

Miami International Airport MIA Miami, FL

Fiscal Year End: Sep. 30, 2009

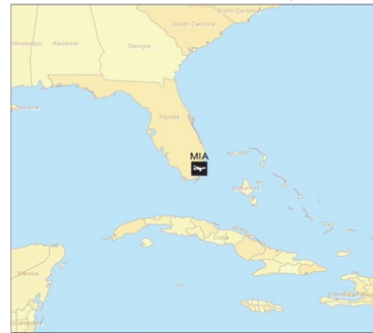
Capacity	
Runways	4
Annual Metrics Tonnes Handled (2011)	1,841,929
Employees	1,400

Airport Statistics	2003	2005	2007	2009	2010	2011
Air Operations	381,247	377,630	382,714	348,487	376,208	394,572
Passengers (000)s	29,533	30,912	33,278	33,875	35,698	38,314
Cargo (metric tons)	1,594,012	1,783,067	2,056,402	1,709,754	1,835,793	1,841,929

*2010 & 2011 data from ACI Worldwide Airport Traffic Statistics

Fee Structure	
As of Oct 2009:	
Landing Charge per ton: (A/C exceeding 15 tons)	\$ 1.92

Revenues		2009
Total Operating Revenue		\$ 502,455,000
% Aeronautical Revenue		68%
% Concession Revenue		21%
Net Operating Income		\$ 164,701,000
Passenger Facility Charges (PFC)		\$ 61,756,000
Operating Margin		33%
Movements per Day		955
Daily Gate Utilization		919



Ownership & Management

Miami International Airport is operated by the Miami-Dade County Aviation Department as a part of the Airport System (also including 3 general aviation and 2 training airports). The County operates the Airport System through the aviation Department with policy guidance from the Mayor, Board of County Commissioners of Miami-Dade County, Florida (the "Board"), and the County Manager. The Aviation Department is an Enterprise Fund of the County. The Department is self-supporting, using aircraft landing fees, fees from terminal and other rentals, and revenues from concessions to fund operating expenses. The Capital Improvement Program is funded by bonds, federal and state grants, and Passenger Facility Charges.

Notes and Observations

- In 2010 MIA was ranked by the Airports Council International 12th overall in the world and 4th in North America for total cargo traffic.
- MIA is the principle air cargo gateway for Central and South America.

Sources: Air Transport Research Society (ATRS); Landrum & Brown



AIR CARGO INDUSTRY OVERVIEW

Chicago O'Hare Airport ORD

Chicago, Illinois

Fiscal Year End: Dec. 31, 2009

Capacity	
Runways	6
Annual Metrics Tonnes Handled (2011)	1,311,622
Employees	1,193

Fee Structure	
As of July 2010:	
Landing Fees	
Signatory (per 1,000 lbs.)	\$ 6.28
Non-Signatory (per 1,000 lbs.)	\$ 7.85

Revenues		2009
Total Operating Revenue	\$	591,474,459
% Aeronautical Revenue		66%
% Concession Revenue		16%
Net Operating Income	\$	102,027,067
Passenger Facility Charges (PFC)	\$	121,180,181
Operating Margin		17%
Movements per Day		2,242
Daily Gate Utilization		991

Ownership & Management

Along with Chicago Midway Airport, Chicago O'Hare International Airport is one of the two major airports comprising the Chicago Airport System. Both Airports are owned by the city of Chicago and operated by the Department of Aviation. The Department of Aviation is responsible for the management, planning, design, operation and maintenance of O'Hare and Midway. The Chicago Airport System is fully self-supporting and receives no local tax payer dollars. The O'Hare Modernization Program (OMP) is a \$6.6 billion initiative designed as a long-term solution to the delays experienced by one of the world's busiest airports. Funded by airline-backed bonds, passenger facility charges, and federal Airport Improvement Program funds, the OMP is expected to reduce delays at the airport by 79%.

Airport Statistics	2003	2005	2007	2009	2010	2011
Air Operations	912,629	975,673	910,710	818,361	882,614	878,798
Passengers (000)s	69,509	76,581	76,182	64,398	66,665	66,659
Cargo (metric tons)	1,453,070	1,543,526	1,533,606	1,047,917	1,424,077	1,311,622

*2010 & 2011 data from ACI Worldwide Airport Traffic Statistics



Notes and Observations

- In 2010 ORD was ranked by the Airports Council International 18th overall in the world and 6th in North America for total cargo traffic.
- In July 2010, ORD welcomed Cathay Pacific's first round the world freighter to Chicago. The new route will continue to be operated twice weekly on Fridays and Sundays. Cathay will increase its Chicago-based Cargo Operations team by 33% to handle the new flights.
- In March 2010, ORD continued construction on phase one of the O'Hare Modernization program which includes the construction of the new runway 10C-28C, relocation of the FedEx sort facility and the construction of the two new railroad bridges.

Sources: Air Transport Research Society (ATRS); Landrum & Brown

AIR CARGO INDUSTRY OVERVIEW

Philadelphia International Airport PHL

Philadelphia, Pennsylvania
Fiscal Year End: June 30, 2009

Capacity	
Runways	4
Annual Metrics Tonnes Handled (2011)	415,205
Employees	777

Fee Structure	
As of April 2007	
Landing Charge (per 1,000 lbs. MGLW)	\$ 1.84
Parking Charge	
First 2 hours	free
Per Day	\$ 150.00
Cargo off-loading operation or unloading operation (per opera	\$ 150.00
Facility Charge	
Signatory carriers (per deplaned passenger)	2.34
Signatory carriers (per enplaned passenger)	\$ 2.21
FIS Charge (per deplaned passenger)	\$ 1.75
Terminal Building Rental Charge (Int. Terminal A) Airline leased space:	
Concourse upper level (sq. ft./yr.)	\$ 98.63
Concourse lower level (sq. ft./yr.)	\$ 65.75
Ticket counter position (sq. ft./yr.)	\$ 131.50
Common use ticket counters (per enplaned passenger)	\$ 1.00
Preferentially used aircraft gates in ramp area (linear ft./yr.)	\$ 21.08

Revenues		2009
Total Operating Revenue		\$ 247,503,015
% Aeronautical Revenue		70%
% Concession Revenue		15%
Net Operating Income		\$ 60,190,002
Passenger Facility Charges (PFC)		\$ 61,255,198
Operating Margin		24%
Movements per Day		1,235
Daily Gate Utilization		678

Ownership & Management

Philadelphia International Airport is owned by the city of Philadelphia and operated by the Department of Commerce's Division of Aviation. Along with the Northeast Philadelphia Airport, the two airports comprise the Philadelphia Airport System. The Airport System is self-supporting and uses no local tax dollars.

Sources: Air Transport Research Society (ATRS); Landrum & Brown

Airport Statistics	2003	2005	2007	2009	2010	2011
Air Operations	421,106	495,487	483,797	450,725	460,779	448,129
Passengers (000)s	24,114	31,074	31,880	30,670	30,775	30,839
Cargo (metric tons)	589,696	566,269	571,452	433,534	419,702	415,205

*2010 & 2011 data from ACI Worldwide Airport Traffic Statistics



Notes and Observations

- In August 2010, a Chinese aviation delegation, which owns more than 30 airports in China including Beijing, visited PHL to learn more about the current state and aviation trends in the US.
- In February 2010, the \$45 million expansion of Terminal E, which is known for housing low cost-carriers, was open to the public.
- The runway 17-35 extension project, which lengthened the runway by 1,040 feet to 6,500 ft., was completed in May 2009. Runway 9R-27L was rehabilitated in August 2011.



2.2 FORECAST APPROACH AND METHODOLOGY

Forecasting aviation demand is not an exact science where the same approach can be applied at all airports. In general, each airport presents its own unique set of variables that need to be considered. In order to project air cargo demand at an airport many factors are analyzed including current aviation industry trends, historical air service, and air cargo traffic trends.

Forecast activity levels in this overview are projected from 2011, which serves as the base year, to 2030 in five-year increments over a 20-year planning horizon. The forecast elements include annual air cargo tonnage segmented into domestic and international activity and then into belly cargo (transported by commercial passenger aircraft) and all-cargo (transported by dedicated freighter aircraft), as well as annual operations.

The annual air cargo tonnage forecast was used as the foundation of the analysis. Historical annual air cargo tonnage was developed through the data provided by Airports Council International – North America (ACI) and U.S. DOT, Schedule T-100 (DOT). The reported data from ACI was provided as total annual metric tons including mail, and the data from DOT was provided in a segmented form detailing domestic/international and passenger cargo (belly)/all-cargo. The ACI data was assumed to be the more uniform and consistent data set for annual cargo tonnage and was therefore used as the baseline for the annual tonnage figures. DOT data in its detailed form was used to develop segment allocation percentages to apply to the ACI data and develop a detailed history of air cargo activity summing to the ACI annual totals. Once the data was segmented, key assumptions such as tons per operation and the belly-freighter mix were reviewed.

2.3 SOURCES OF DATA

Several sources of data were utilized in the development of the forecasts. As indicated above, historical air cargo tonnage data from ACI and DOT, as well as operations data from DOT were used to develop the annual air cargo tonnage forecast by scenario through 2030. These forecasts served as the basis for the forecast analysis.

The major aircraft manufacturers' forecasts including the *Boeing Current Market Outlook 2012-2031* and the *Airbus Global Market Forecast 2011-2030* were consulted for their assumptions and freighter fleet growth projections. Market growth rates and aircraft orders were used as a means to better understand the potential growth and future of air cargo operations.

Finally, the *FAA Aerospace Forecast, Fiscal Years 2012-2032* was used to look at the FAA overall expected outlook of the air cargo industry and the FAA's projected domestic and international growth in terms of revenue ton miles on a system-wide basis.

2.4 HISTORICAL AIR CARGO VOLUMES

Summarized below is the historical air cargo activity for the following 9 gateway airports identified for this study:

- John F. Kennedy International Airport (JFK)
- Chicago O’Hare International Airport (ORD)
- Miami International Airport (MIA)
- Los Angeles International Airport (LAX)
- Atlanta Hartsfield-Jackson International Airport (ATL)
- Newark Liberty International Airport (EWR)
- George Bush Intercontinental Airport (IAH)
- Dallas-Fort Worth International Airport (DFW)
- Philadelphia International Airport (PHL)

The following tables and charts present a summary of historical traffic as total tonnage and total all-cargo operations. Commercial passenger aircraft carrying belly cargo is not included in the total all-cargo operations data. Detailed segmented exhibits (domestic/international, belly cargo/all-cargo) based on the ACI data reviewed for this study, are presented in the **Appendix**. The domestic and international components, as well as the belly and all-cargo components, combined they each sum to equal the total air cargo tonnage figures. **Table 2.4-1, Historical Air Cargo Tonnage**, indicates historical tonnage at the target airports. **Figure 2.4-1, Total Air Cargo Tonnage** graphically demonstrates the recent trends in transported air cargo.

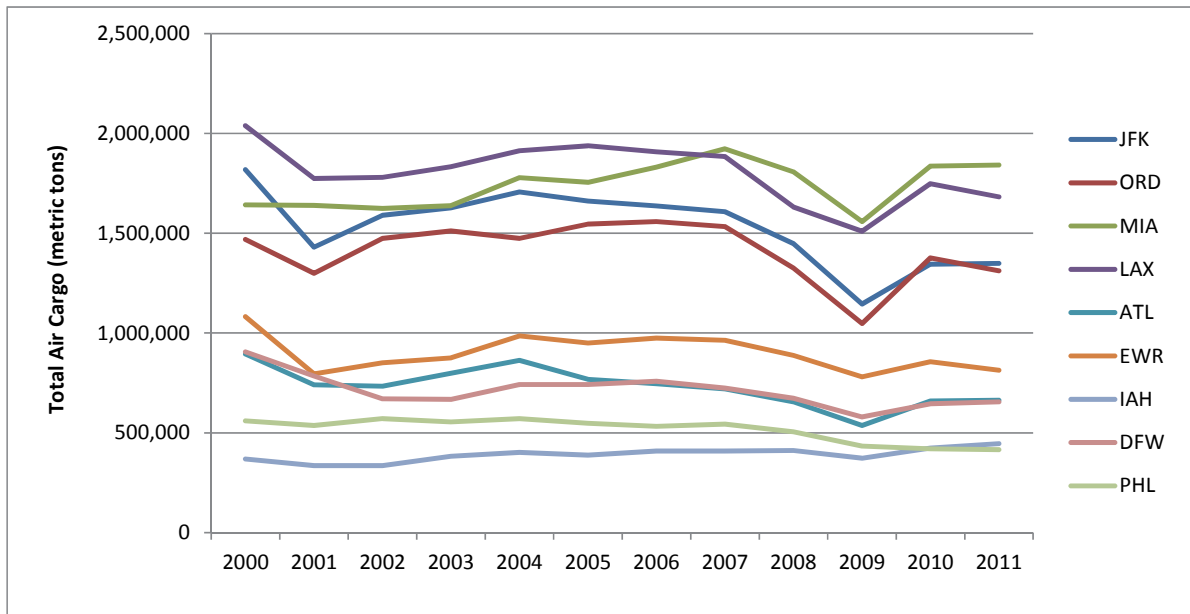
**Table 2.4-1
HISTORICAL AIR CARGO TONNAGE**

Total Annual Tonnage (metric tons)									
Calendar Year	JFK	ORD	MIA	LAX	ATL	EWR	IAH	DFW	PHL
2000	1,817,727	1,468,553	1,642,744	2,038,784	894,471	1,082,406	368,498	904,994	559,452
2001	1,430,727	1,299,628	1,639,760	1,774,402	739,927	795,584	336,004	784,085	536,270
2002	1,589,648	1,473,980	1,624,242	1,779,855	734,083	850,050	335,470	670,310	570,838
2003	1,626,722	1,510,746	1,637,278	1,833,300	798,501	874,641	381,939	667,574	554,112
2004	1,706,468	1,474,652	1,778,902	1,913,676	862,230	984,838	401,136	742,289	571,407
2005	1,660,717	1,546,153	1,754,633	1,938,430	767,897	949,933	387,790	741,805	547,611
2006	1,636,357	1,558,235	1,830,591	1,907,497	746,502	974,961	409,122	757,856	532,163
2007	1,607,050	1,533,606	1,922,985	1,884,317	720,209	963,794	409,193	724,140	543,357
2008	1,448,436	1,324,819	1,806,770	1,630,381	655,277	887,252	411,388	672,735	504,690
2009	1,144,897	1,047,917	1,557,401	1,509,236	536,139	779,642	372,662	578,906	433,439
2010	1,344,126	1,376,552	1,835,797	1,747,629	659,129	855,594	423,863	645,426	419,702
2011	1,348,992	1,311,622	1,841,929	1,681,611	663,162	813,209	446,328	654,415	415,205

Source: ACI World Annual Traffic Reports (2000-2011)
Note: Figures include mail tonnage.

AIR CARGO INDUSTRY OVERVIEW

Figure 2.4-1
TOTAL AIR CARGO TONNAGE



Source: Landrum & Brown

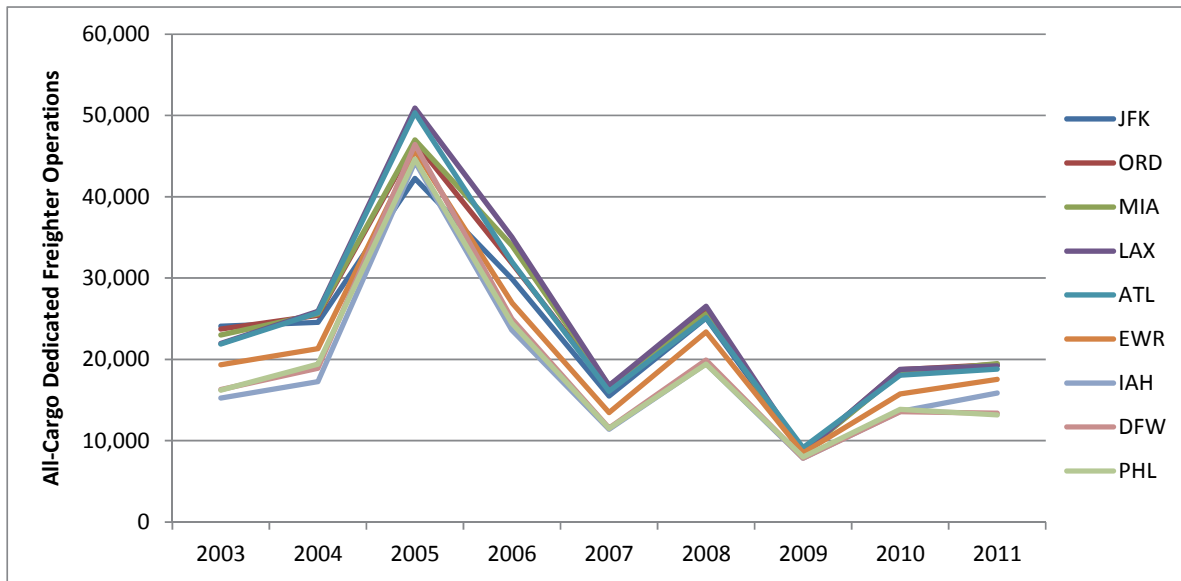
Table 2.4-2, Historical Freighter Operations, indicates historical freighter operations at the target airports. **Figure 2.4-2, Historical Freighter Operations** graphically demonstrates the recent freighter activity.

Table 2.4-2
HISTORICAL FREIGHTER OPERATIONS

Total Annual Freighter Operations (In+Out)									
Calendar Year	JFK	ORD	MIA	LAX	ATL	EWR	IAH	DFW	PHL
2003	24,091	24,546	42,253	29,894	15,499	25,082	8,568	18,399	19,321
2004	23,715	25,398	46,730	31,800	16,542	25,798	8,527	18,729	19,391
2005	23,015	25,603	46,969	33,990	16,750	25,600	8,519	18,309	19,495
2006	21,973	25,900	50,898	35,034	16,778	26,515	8,546	18,755	19,196
2007	21,884	25,720	50,332	31,981	16,087	25,126	9,163	18,058	18,820
2008	19,342	21,310	45,667	26,955	13,437	23,374	8,494	15,740	17,550
2009	15,244	17,253	44,277	23,593	11,404	19,448	7,871	13,606	15,874
2010	16,279	18,903	46,400	24,989	11,549	19,920	7,849	13,575	13,369
2011	16,228	19,427	44,604	24,428	11,518	19,427	7,986	13,835	13,172

Source: U.S. DOT, Schedule T-100 (2003-2011)

**Figure 2.4-2
HISTORICAL FREIGHTER OPERATIONS**



Source: Landrum & Brown

The tables and figures above illustrate how the airports' cargo volumes and total freighter operations have reacted to and evolved over the last decade and how the recent post-recession improvements will serve as the starting points for the development of the forecasts. Air cargo activity provided was analyzed for the years 2000 through 2011. The data included air cargo tonnage (from 2000) and aircraft operations (from 2003) by origin/destination and sector. As a result, data could be grouped into meaningful categories for analyzing historical air cargo activity in order to develop an appropriate set of assumptions on which to base the forecast. Air cargo activity was disaggregated into domestic and international sectors and then by airline type (i.e. dedicated all-cargo (other freighters) and belly carriers). Airlines categorized as belly carriers were passenger airlines that transported air cargo in the belly compartments of passenger aircraft.

Historically, air cargo growth (and shrinkage) track with Gross Domestic Product ("GDP"). Additional factors that affect air cargo growth are fuel price volatility, movement of real yields, and globalization. Significant financial implications have affected the air cargo industry since 2008 and recent structural changes have occurred in the air cargo industry. Among these changes are air cargo security regulations by the FAA and Transportation Security Administration ("TSA"); maturation of the domestic express market; shift from air to other modes (especially truck); use of all-cargo carriers (e.g., FedEx) by the U.S. Postal Service to transport mail; and increased use of mail substitutes (e.g. e-mail).^[1]

^[1] FAA Aerospace Forecast Fiscal Years 2011-2031

AIR CARGO INDUSTRY OVERVIEW

All of these changes are impacting the evolution of the air cargo market. The past decade has shown no growth in either all cargo operations or total air cargo tonnage in any of the gateway airports being evaluated except IAH and MIA. Since 2009 the gateway airports have experienced a rebound from the recessionary losses in 2008, but were fairly flat in the 2010 to 2011 year over year comparison with the exceptions of EWR, LAX, and ORD which experienced declines. Domestic cargo and belly cargo have been gradually declining throughout the observation years while international cargo and all-cargo transported on dedicated freighters have shown some signs of growth, albeit very modest growth. The growth in international freighter traffic is expected to slow down over the forecast period as carriers make better use of belly capacity in wide-body passenger aircraft.

2.5 AIR CARGO FORECASTS

The analysis of the past decade of historical cargo data has shown that the industry has been somewhat stagnant because of the slow economy. The annual and segmented cargo tonnage levels have not exhibited any real observable or consistent trends during the past ten year period other than a continual decline in dedicated all-cargo freighter operations. A regression analysis does not yield any usable results and the observations from general trend analysis are also somewhat subjective. Due to the absence of any real observable long term trends, the research and analysis of the FAA Aerospace Forecast 2012-2031 and the Boeing and Airbus market forecast reports were consulted for expected growth rates in the individual cargo market segments. The FAA forecast of long term growth rates for the next 20 years have been adopted for the domestic belly and domestic all-cargo segment growth rates. In all external forecasts reviewed, the international segments were considered to be somewhat aggressive based on the recent forecast revisions. The international segments are still expected to outpace the domestic segments, but at a somewhat smaller growth rate than the long-range predictions put forth by the FAA, Boeing and Airbus.

2.5.1 AIR CARGO TONNAGE FORECASTS

The following general assumptions were applied to all of the gateway airports 2011 baseline figures to generate the air cargo tonnage forecasts:

- Domestic Belly growth rate 0.7% per year
- Domestic All-Cargo growth rate 1.7% per year
- International Belly growth rate 4.5% per year
- International All-Cargo growth rate 3.5% per year

The forecasts were developed by using the 2011 total cargo tonnage segmented values and applying the growth rate assumptions linearly to each individual segment throughout the forecast period to 2030. **Table 2.5-1, Air Cargo Forecast - Total**, illustrates the total air cargo tonnage forecast by gateway airport. The forecast projects the expected average annual growth rates for total annual air cargo to range from 2.5 percent per year at PHL up to 3.4 percent at MIA. Overall, the gateway average growth rate is 3.2 percent annually through 2030.

AIR CARGO INDUSTRY OVERVIEW

**Table 2.5-1
AIR CARGO FORECAST - TOTAL**

Total Annual Air Cargo (metric tons)										
	Calendar Year	JFK	ORD	MIA	LAX	ATL	EWR	IAH	DFW	PHL
Base Year	2011	1,348,992	1,311,622	1,841,929	1,681,611	663,162	813,209	446,328	654,415	415,205
Forecast	2015	1,550,400	1,487,300	2,105,400	1,888,600	742,900	899,800	500,000	727,100	455,900
	2020	1,849,800	1,745,200	2,491,900	2,191,200	859,800	1,024,800	578,900	831,800	513,800
	2025	2,213,300	2,053,700	2,953,700	2,552,100	999,500	1,172,000	673,600	954,600	581,000
	2030	2,654,900	2,423,400	3,505,900	2,983,400	1,167,000	1,346,000	787,600	1,098,800	659,300
AAGR	2011 - 2030	3.6%	3.3%	3.4%	3.1%	3.0%	2.7%	3.0%	2.8%	2.5%

Sources: ACI World Annual Traffic Report 2011; Landrum & Brown analysis

Overall, both domestic and international air cargo tonnages are expected to grow at similar rates across all 9 of the gateway airports. Domestic air cargo tonnage is forecast to grow at 1.4 to 1.6 percent per year on average. The overall average domestic growth rate across the gateway airports is 1.5 percent per year. International air cargo tonnage is forecast to grow at 3.7 to 4.3 percent per year, more than double the growth rate of the domestic segment. The overall average international growth rate across the gateway airports is 3.9 percent per year. See **Table 2.5-2, Air Cargo Forecast - Domestic** and **Table 2.5-3, Air Cargo Forecast - International**.

**Table 2.5-2
AIR CARGO FORECAST - DOMESTIC**

Domestic Annual Air Cargo (metric tons)										
	Calendar Year	JFK	ORD	MIA	LAX	ATL	EWR	IAH	DFW	PHL
Base Year	2011	268,398	359,136	242,030	661,236	281,396	517,576	221,383	332,469	285,492
Forecast	2015	284,200	380,400	256,800	699,600	296,700	551,700	234,300	354,000	304,400
	2020	305,400	409,100	276,600	751,000	317,200	597,600	251,700	382,900	329,900
	2025	328,400	440,100	298,100	806,600	339,300	647,500	270,500	414,300	357,600
	2030	353,300	473,600	321,300	866,700	363,200	701,700	290,800	448,300	387,700
AAGR	2011 - 2030	1.5%	1.5%	1.5%	1.4%	1.4%	1.6%	1.4%	1.6%	1.6%

Sources: ACI World Annual Traffic Report 2011; Landrum & Brown analysis

This range is slightly lower than the average long range Boeing and Airbus general international cargo forecasts that are close to 5.2 percent per year based on revenue ton kilometers (RTKs). The decision to choose a lower average annual growth rate for both belly cargo and dedicated freighter cargo is related to the possible overstatement of the general expected growth rate due to higher growth rates in the intra-Asia markets. To maintain a more conservative outlook a more modest growth rate was determined to be appropriate. The tables below present the air cargo forecast for the domestic and international segments.

AIR CARGO INDUSTRY OVERVIEW

Table 2.5-3
AIR CARGO FORECAST - INTERNATIONAL

International Annual Air Cargo (metric tons)										
	Calendar Year	JFK	ORD	MIA	LAX	ATL	EWR	IAH	DFW	PHL
Base Year	2011	1,080,594	952,486	1,599,899	1,020,375	381,766	295,633	224,945	321,946	129,713
Forecast	2015	1,266,200	1,106,900	1,848,600	1,189,000	446,200	348,100	265,700	373,100	151,500
	2020	1,544,400	1,336,100	2,215,300	1,440,200	542,600	427,200	327,200	448,900	183,900
	2025	1,884,900	1,613,600	2,655,600	1,745,500	660,200	524,500	403,100	540,300	223,400
	2030	2,301,600	1,949,800	3,184,600	2,116,700	803,800	644,300	496,800	650,500	271,600
AAGR	2011 - 2030	4.1%	3.8%	3.7%	3.9%	4.0%	4.2%	4.3%	3.8%	4.0%

Sources: ACI World Annual Traffic Report 2011; Landrum & Brown analysis

Domestic belly cargo growth at the gateway airports is predicted to grow at a slower rate than that of the all-cargo segment. Domestic belly cargo has been affected somewhat by the slowdown in express cargo on commercial passenger flights. This is the result of a recessionary economy and the capacity cuts made by passenger carriers: these factors correlate to higher load factors and less available space and weight for belly cargo. Conversely, international belly cargo tonnage is expected to grow at a faster rate than international all-cargo tonnage. Belly capacity has become more efficiently utilized most recently among international commercial passenger airlines seeking to fill the available belly capacity of their wide-body aircraft. **Table 2.5-4, Air Cargo Forecast – Belly Cargo** and **Table 2.5-5, Air Cargo Forecast – All-Cargo** shows the forecasts of belly cargo and all-cargo levels at the gateway airports throughout the forecast period, respectively.

Table 2.5-4
AIR CARGO FORECAST – BELLY CARGO

Annual Belly Air Cargo (metric tons)										
	Calendar Year	JFK	ORD	MIA	LAX	ATL	EWR	IAH	DFW	PHL
Base Year	2011	651,799	396,889	334,164	589,382	285,411	244,850	226,501	123,120	80,821
Forecast	2015	765,700	458,600	390,000	672,100	323,300	284,100	260,300	140,000	92,600
	2020	939,000	552,200	474,800	796,900	380,400	343,600	311,400	165,500	110,300
	2025	1,154,500	668,100	580,100	951,100	450,700	417,400	374,700	197,000	132,300
	2030	1,422,400	811,800	710,800	1,141,700	537,600	509,100	453,000	235,800	159,500
AAGR	2011 - 2030	4.2%	3.8%	4.1%	3.5%	3.4%	3.9%	3.7%	3.5%	3.6%

Sources: ACI World Annual Traffic Report 2011; Landrum & Brown analysis

Belly cargo tonnage across the gateway airports is forecast to experience average annual growth from 3.4 percent to 4.2 percent. Most of the growth is anticipated from international traffic. All-cargo tonnage growth is expected to be somewhat smaller with average annual growth ranging from 2.1 percent to as much as 3.3 percent. MIA is expected to have the highest growth overall due to its mix of international commercial passenger and all-cargo dedicated freighter operations.

AIR CARGO INDUSTRY OVERVIEW

**Table 2.5-5
AIR CARGO FORECAST – ALL-CARGO**

Annual All-Cargo (metric tons)										
	Calendar Year	JFK	ORD	MIA	LAX	ATL	EWR	IAH	DFW	PHL
Base Year	2011	697,193	914,732	1,507,765	1,092,229	377,751	568,359	219,827	531,296	334,384
Forecast	2015	784,700	1,028,700	1,715,400	1,216,500	419,600	615,700	239,700	587,100	363,300
	2020	910,800	1,193,000	2,017,100	1,394,300	479,400	681,200	267,500	666,300	403,500
	2025	1,058,800	1,385,600	2,373,600	1,601,000	548,800	754,600	298,900	757,600	448,700
	2030	1,232,500	1,611,600	2,795,100	1,841,700	629,400	836,900	334,600	863,000	499,800
AAGR	2011 - 2030	3.0%	3.0%	3.3%	2.8%	2.7%	2.1%	2.2%	2.6%	2.1%

2.5.2 ALL-CARGO DEDICATED FREIGHTER FORECASTS

The historical declining trend in freighter operations poses a difficult task in predicting future freighter operations. Manufacturers are still forecasting continued need for wide-body freighter aircraft and cargo transporters are continually adjusting their fleet mix to most efficiently transport air cargo. With the uncertainty of future fuel prices, and the recent surges and volatility in oil prices many all-cargo carriers are 'up-gauging' and utilizing larger aircraft with greater capacity. This 'up-gauging' can delay the need to introduce added operations frequency which is typically associated with the increased capacity necessary to meet new demand. As observed in the Historical freighter operations table, the gateway airports experienced a range of 2011 growth rates from a low of -3.9 percent to a high of +2.8 percent.

Aircraft manufacturers are predicting growth, yet due to the general decline and the flat growth from 2010 to 2011 a small average growth rate of 1.0 percent per year is being implemented to conservatively estimate future capacity requirements for all-cargo aircraft.

Table 2.5-6, Freight Operations Forecast presents the forecast of freighter operations for the gateway airports throughout the forecast period.

**Table 2.5-6
FREIGHTER OPERATIONS FORECAST**

Total Annual Freight Operations (In+Out)										
	Calendar Year	JFK	ORD	MIA	LAX	ATL	EWR	IAH	DFW	PHL
Base Year	2011	16,228	19,427	44,604	24,428	11,518	19,427	7,986	13,835	13,172
Forecast	2015	16,890	20,220	46,420	25,420	11,990	20,220	8,310	14,400	13,710
	2020	17,750	21,250	48,790	26,720	12,600	21,250	8,730	15,130	14,410
	2025	18,660	22,330	51,280	28,080	13,240	22,330	9,180	15,900	15,150
	2030	19,610	23,470	53,900	29,510	13,920	23,470	9,650	16,710	15,920
AAGR	2011 - 2030	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%

Sources: U.S. DOT, Schedule T-100 (2011); Landrum & Brown analysis

Future freighter operations are only predicted to surpass prior levels first achieved in the early 2000's at MIA and IAH and only by a small percentage.



AIR CARGO INDUSTRY OVERVIEW

2.5.3 FREIGHT INTEGRATORS

Freight integrators (Federal Express, United Parcel Service, DHL) make up a considerable portion of the all-cargo dedicated freighter operations at most of the gateway airports. Integrators make up about one third to one half of all dedicated freighter operations at the large gateways and as much as two thirds to 90 percent of all freighter operations at the smaller gateway airports (e.g. EWR, IAH, DFW, PHL).

Since 2003, integrators have mainly experienced reductions in total operations at the gateway airports or have been flat with no growth. Only MIA and JFK have experienced any growth in flight frequency, with MIA having the largest increase at 17.5 percent raw growth from 2003 to 2011. In total, DHL (utilizing ABX Air) has shown a general increase across all nine gateway airports with an 11 percent total gain from 2003 to 2011. Both Federal Express and United Parcel Service have reduced service frequencies since 2003 and are operating at only about 80 percent of their previous levels. This is primarily due to an increase in aircraft size and not a reduction in cargo tonnage.

In terms of total all-cargo tonnage transported by these integrators, they represent as little as 11.7 percent of total air cargo tonnage at JFK to as much as 76.8 percent of total air cargo tonnage at PHL. **Table 2.5-7**, Air Cargo Integrator Activity shows a comparison of air cargo tonnage transported by cargo integrators versus the total amount of air cargo transported through the gateway airports. Additionally, total integrator operations versus total all-cargo dedicated freighter operations is compared to show the contribution and share of the integrators at each of the gateway airports.

**Table 2.5-7
AIR CARGO INTEGRATOR ACTIVITY**

Integrator Carrier Totals Comparison									
	ATL	DFW	EWR	IAH	JFK	LAX	MIA	ORD	PHL
Integrator Tonnage vs. Total Air Cargo Tonnage	25.0%	42.3%	62.4%	32.2%	11.7%	23.8%	24.1%	16.1%	76.8%
Integrator Operations vs. Total All-Cargo Operations	47.1%	57.1%	89.8%	64.5%	31.6%	41.6%	36.3%	31.5%	91.6%
Sources: U.S.DOT, Schedule T-100; Landrum & Brown analysis									

It should be noted that these forecasts are based on general assumptions and have been applied to the airports using broad agency and organizational data. They therefore lack the detail and more rigorous analysis that would be utilized in a specific Airport Master Planning effort. They are intended to reflect how the trends identified in Section I and industry-wide forecasts might be applied to gateway airports to anticipate demand and capacity over the next twenty years.

SECTION 3

FACILITY AND INFRASTRUCTURE DEMAND

In examining potential future demand for facilities and infrastructure, it is absolutely essential to understand an airport's capacity for traditional cargo development and redevelopment and identify non-traditional options in the face of physical constraints. Typically business objectives as well established planning principles must be factored into future capacity and demand planning. These can include:

- Airport preference to consolidate/concentrate cargo operations in a specific cargo Zone to allow for accommodation of other aviation and aviation support functions.
- Interest in the creation of an on-airport "Cargo Village."
- Integration between on and off airport facilities.
- Potential future displacement of cargo facilities because of aeronautical infrastructure or terminal improvements.
- Air cargo industry trends toward third-party development and operating partnerships with handling companies. This concept reduces the demand for carrier specific facilities, and increases the attractiveness of common-use facilities.

In examining how best to address future demand, an airport should consider potential maximum physical constraints and plan accordingly.

In general, each ton of air cargo requires one square foot of on-airport warehouse space. This tons-to-square footage metric is applied over the forecast horizon to determine on-airport air cargo warehouse requirements. Apron requirements are derived from the average daily freighter operations analysis which is embedded in the forecast model.

3.1 PLANNING FOR DEVELOPMENT

An airport typically has as its primary business goals - increasing cargo volumes and growing the regional job base. It is important therefore, that the airport position itself to initiate the development of supporting roadways, aeronautical infrastructure, and modern cargo facilities on a timely basis in order to meet demand generated by industry dynamics, and/or their own marketing initiatives. At the same time growth in the passenger segment of the business presents challenges to an airport to balance the allocation of its land and financial resources among competing business segments. To better anticipate the level of demand and potential timing for new cargo development, the air cargo and passenger forecasts can be converted to physical requirements using established industry guidelines, and airport master planning parameters.

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More aggressive forecasts are prepared for planning and physically accommodating the future growth of the air cargo business than the more conservative financial feasibility analyses upon which the sale of bonds may be predicated. This section discussed how forecasts are translated into physical planning parameters for the airside, landside, and for the cargo facilities.

In the evolving cargo environment of 2011, consolidations, shifts in hubbing operations, route changes, and technology are affecting how cargo moves and the airports through which cargo flows. It will be particularly important therefore, for airports to monitor traffic patterns closely over the next several years. Even though no carrier may have indicated an intent to reduce operations, the amount of building space and infrastructure leased by a number of the carriers at gateway airports is substantial and the tonnage they carry should be closely watched. It is also important to note that the amount of tonnage reported by the integrators is often substantially understated because of unreported truck-to-truck activity. The efficient utilization of existing facilities can stretch their useful life without adversely impacting the levels of service the airports seek to provide.

3.1.1 SPACE ALLOCATION

Many of the gateways will be challenged to provide sufficient space to effectively meet the needs of their air cargo tenants and users throughout the planning period from several perspectives. The first is that a substantial amount of the existing warehousing capacity is “functional” but not efficient. The demolition of such buildings will create some expense and policy review issues for the airports, particularly with regard to residual value considerations. The second is that the cost of development is high in the major cities. To encourage third-party development may require flexibility on the ground lease or the length of the lease. The last major consideration is overall airport capacity. Land is in many instances an airport’s scarcest resource because of conflicting business segment demand.

Space allocation should also link the airport’s business goals and new facility development opportunities with the broader context of forecast demand, industry growth, and regional economic development. Critical considerations are: a) facilitating interlining between international and domestic flights, b) enabling combination carriers (those that fly both passenger and freighter aircraft) to run consolidated operations when necessary, and c) achieving maximum ramp productivity. Approaches to the allocation of space must also take into consideration prudent and timely capital investment.

Space allocation practices are typically instituted at two levels. The first is allocating space within a building. The second and more strategic level is allocating space among different uses at the airport. Space permitting, airports have allowed market dynamics to shape their customer and tenant base. Some airports have historically been considered as “land-rich” for cargo with ample room to meet the diverse requirements of a wide range of tenants and users. In this planning and business environment, those airports have been very accommodating to the industry in providing sites and facilities. Based on the constraints that future cargo growth may present, it does not appear that this flexibility can continue in the same

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allocation context. While future development should always consider tenant and user needs, airports will need to prioritize and focus future physical planning and development efforts to address their long-term responsibilities as a regional economic driver. If done effectively, most of the gateways should be able to physically accommodate cargo growth for the next thirty years and beyond.

It is important that the allocation of space be linked to the general nature of a carrier's operation, the efficiency with which the carrier processes cargo through its leasehold, and the demands the carrier's operation places on the airport's facilities. While the cargo and passenger elements of the business can be segmented financially, it is far more difficult to separate the two operationally, particularly with regard to aircraft ramps. Traditionally, a carrier would only lease and operate one cargo facility within a regional airport system. Over the past several years, a number of carriers have established cargo as a separate revenue center, and have created the theoretical internal flexibility to split their passenger and freighter operations between airports. There are issues regarding duplicate capital investment, but these can be partially addressed through creative leasing, financial incentives, third-party handling, and third-party development. On the other hand, pure freighter operators do not have the constraint of passenger accommodation to impact their destination points, and their cargo is not typically as time-sensitive as that carried by the integrators. Further, they do not have the same extensive ramp requirements. Integrated carriers place far greater demands on an airport's infrastructure.

There are several kinds of cargo facilities. (Regardless of how they are developed, they are not owned by the carriers, developers, or any of their partners. The developers or tenants occupy the facilities through a leasing process.)

- Single-tenant - These types of facilities were historically developed by carriers but have largely fallen out of favor due to carrier strategies to take real estate off their books. Today, most such single-tenant facilities are utilized by the integrated carriers.
- Multi-tenant – These types of facilities house a variety of airlines and supporting businesses. Typically these facilities will be built by an independent third party or on a limited basis by a carrier (or carrier consortium).
- Common-use – This type of facility has a single lessor – usually a handling company or third-party developer – of the entire facility. While the handler may serve multiple carriers, the airlines do not necessarily lease space and the cargo is processed in a common area.

Individual carrier practice and preference varies on the use of third parties to handle cargo and changes cannot therefore be readily implemented unilaterally. Nevertheless, there are clear industry trends toward new business models in facility development and management. There is an additional cost benefit with newer business models. A consolidated operation in a common-use facility reduces demand for storage of equipment that is usually widely distributed throughout the cargo community. Because of the proliferation of equipment around cargo buildings and on ramps, some airports are exploring establishing and maintaining a cap on

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the number of handling companies. This kind of policy can offer additional benefits such as the development of quality controls and performance evaluations, improved service levels of the handling companies, and reduced costs to the carriers through the creation of economies of scale for both equipment and staff.

To estimate future capacity requirements the forecasted tonnage figures are typically adjusted to enable planning numbers to be developed that will more accurately reflect realistic operating requirements. Tonnages for belly and freighter operations should be adjusted by 20 percent to reflect activity that is typically unreported by carriers. In planning for integrators this number needs to be probed since in some instances as much as 60 percent can be unreported for the integrators who, as discussed, have sizeable trucking operations. In addition, ten percent should be added to allow for storage, and five percent for screening and inspection needs within the individual facilities.

3.1.2 DIFFERENTIATING NEEDS

When assessing allocation priorities for cargo operations, the airport should consider four categories of potential user/tenant carriers, described in the following sections.

DOMESTIC AND FOREIGN FLAG PASSENGER CARRIERS

Domestic and Foreign Flag passenger carriers' cargo facilities should be located as close as possible to the passenger terminals. Their operations rely on tugs to move cargo to the warehouse. The transit time to and from the passenger terminal is a planning consideration.

COMBINATION CARRIERS

Combination carriers typically operate a freighter in addition to their passenger operation. Their ramp demands are more modest and their warehousing requirements are frequently greater than those of the integrators carrying comparable volumes. For most such carriers, separation of the freighter and belly operations is possible but difficult, and, in the case of most large airports, should not be an issue.

FREIGHTER OPERATORS

Much of the business for airlines such as Atlas involves flying for other passenger or combination carriers. In that capacity, they should be treated like combination carriers. However, carriers such as Cargolux, and NCA function independently, carry cargo that is not typically as time sensitive as that carried by the integrators, and have a less critical need to be proximate to the business districts. These carriers, depending on the volumes they handle, may prefer not to lease space and be handled by a third party or the carrier for whom they fly.

INTEGRATORS

Integrators, contrary to the industry trend, are the only segment where there will be continuing use of freighters for domestic air cargo (other than occasional charters). The integrators play an extremely critical role in driving future demand for aeronautical infrastructure and air cargo ramps although it is unlikely that they will utilize Code F aircraft. This has been the most stable segment of the industry for the past ten years. The cargoes they carry are the most time sensitive and, arguably, have the greatest need to be closest to the regional business centers. Nevertheless, these carriers, particularly those with small aircraft feeder service, can place heavy demands on the aeronautical infrastructure and airspace, and utilize a disproportionate amount of aircraft ramp, for which they typically demand exclusivity.

To determine future facility needs, an average utilization rate (tons per square foot) for cargo processing must be assumed. However, to use one average for the wide range of cargo operations would not be an accurate method of assessing future facility needs. For planning purposes, it is important to differentiate among utilization rates. Representative rates that reflect actual performance are shown in **Table 3.1-1, Facility Planning Utilization Rates.**

**Table 3.1-1
FACILITY PLANNING UTILIZATION RATES**

Type of Cargo	Ratio (Tons per square feet per Year)
Belly	1.0 to 1.50
Freighter	1.25 to 1.50
Integrated	1.50 to 2.50

It is important to consider several other elements beyond throughput when preparing estimates of future space requirements. The first is the amount of supporting office space, the second is storage space for equipment, and the third is space for security screening and inspection of both inbound and outbound goods. Additionally, at a gateway airport, it is important to include an allowance for unreported trucked products. This can vary by carrier operation from 10 percent to 30 percent of total reported tonnage, and because it is unreported, it can only be estimated. This is a very important consideration because it has substantial impact on a building’s capacity and projected useful life for a specific tenant. An additional element for future cargo facility planning at an airport is the impact and timing of a potential new aeronautical infrastructure.

3.1.3 PLANNING SEGMENTS

Planning for future facilities must accommodate three basic core activity segments – belly cargo, integrator, and freighter tonnage volumes. Each has a different throughput expectation and a resultant translation of tonnage to necessary square footage. The throughput assumptions for large airports are based on the following:

- Future inbound cargo will arrive in larger increments as carriers introduce more wide-body aircraft with more belly capacity into their fleets.
- New cargo facilities will be better configured to accommodate cargo handling and the interface between airside and landside operations.
- Building technology will continue to add efficiencies to cargo handling and sorting.
- The positive working relationships with federal agencies will be maintained.
- Cargo screening and clearance processes will become increasingly automated.
- Cargo handling companies will assume larger roles in the management and operation of cargo facilities that will eventually become common use with greater economies of scale for equipment and staff.
- The experience of the regional customs broker and freight forwarder community in handling cargo will facilitate throughput.

While each of these assumptions will have a positive impact on throughput, using the more conservative range mid-point rather than the maximum rate provides a margin for additional capacity in the future.

The following *theoretical* examples illustrate how the forecast assumptions over a twenty year period can be translated into physical planning requirements.

SCENARIO 1 - BELLY HOLD CARGO

Assumption - Belly hold cargo is forecast to increase from 600,000 tons in 2010 to 1,000,000 tons in 2030. Belly cargo is carried by most carriers at the airport and subsequently is processed in most of the cargo facilities. This would be the case if there is no major hubbing operation at the airport. Estimating unreported volumes at 20 percent, the projected tonnage for 2030 would be 1,200,000 tons. To meet the forecasted demand, using an average throughput guide of 1.25 tons per square foot, the airport will need approximately 960,000 square feet of warehouse space in 2030.

SCENARIO 2 - INTEGRATED CARGO

To provide a more realistic outlook, integrated cargo should be looked at separately in order to address its faster processing rates. As discussed earlier in this section, the utilization rates of integrated carriers are typically much higher than for other carrier operations, thereby reducing building requirements. The need for land

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allocation for a building is offset to some extent by the large landside parking requirement for employees and the number of trucking operations utilized by integrated carriers. Additionally, the integrated cargo airside requirements can be great given the nature of the operation. To further complicate the planning process for many airports, FedEx typically under reports its cargo volumes substantially because so much of its operation is focused on ground service. Most traditional carriers have only limited interaction with the integrators for occasional interlining (transferring cargo from one carrier to another for delivery). This would allow for a reasonable separation of the integrators from the traditional carriers if planning warranted and space allows. Typically the integrators, because of their shipping guarantees prefer their own facility with access to the aeronautical infrastructure that they do not have to share.

Assumption - Integrated cargo is expected to increase from a "reported" 2010 level of 200,000 tons to 400,000 tons in 2030. Theoretically, the airport based on a conservative midpoint throughput assumption of 2.00 tons per square foot, would need only 200,000 square feet of space to accommodate integrator activities in 2030. However, effective planning should determine levels of under-reporting because of truck to truck activity. An assumption of 50% under-reporting would require an adjustment that would bring the tonnage processing requirement to 600,000 tons. Using the throughput assumption, the 2030 building requirement would be 300,000 square feet. It should be noted that this is an estimate for the integrated carriers as a whole, and is purely an estimate using the existing space versus future requirements. It may be necessary to build tailored space for a specific integrator should they want to expand their operation. Conversely, should an integrator alter its operating route structure, the forecast requirements may not materialize at all.

SCENARIO 3 - ALL-CARGO/FREIGHTERS

Assumption - Freighter cargo is expected to grow from 500,000 tons processed in 2010 to 1,000,000 tons in 2030. Again, adding the 20 percent that represents estimated under-reporting, the tonnage numbers would be adjusted to 1,200,000 for 2030. To meet forecasted demand, and using a throughput ratio of 1.4 tons per square foot, the airport will need approximately 860,000 square feet of space in 2030.

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Table 3.1-2, Basic Warehousing Requirements, provides a summary of future **basic** warehousing requirements for the airport. Note that these figures as presented below are unadjusted for additional operating requirements.

**Table 3.1-2
BASIC WAREHOUSING REQUIREMENTS**

	2010	2030		
	Tonnage	Tonnage	Adjusted	Space (sf)
Belly cargo	600,000	1,000,000	1,200,000	960,000
Integrators	200,000	400,000	600,000	300,000
Freighters	500,000	1,000,000	1,200,000	860,000
		2,400,000	3,000,000	2,120,000

The total space for warehousing should be adjusted to allow for an additional 10 percent for storage and five percent for security screening. This would bring the space requirement to a total of 2,438,000 square feet, exclusive of office.

3.1.4 OFFICE REQUIREMENTS

Office requirements are typically calculated at ten percent of the square footage requirement for the warehouse. This is the basic warehouse number exclusive of additional space for screening and storage. Applying that metric to the theoretical warehouse requirement of 2,120,000 would add an additional 212,000 sf of office space. This is an important calculation since it will have an important impact on the automobile parking requirements, and the configuration of the landside development. The preferred operational alternative is to construct the office requirement as mezzanine space, but this is often linked to site capacity, construction costs, and airport rental rates.

3.2 AERONAUTICAL INFRASTRUCTURE – AIRCRAFT PARKING POSITIONS

The aeronautical infrastructure requirements include several primary considerations.

1. Minimize the amount of taxi-time and distance for freighter aircraft where possible.
2. Ensure that there is sufficient aircraft ramp to accommodate peak demand for cargo terminal access and parking, giving specific consideration to average aircraft stand occupancy time.
3. Ensure that the aircraft apron has sufficient access and egress for peak operating windows.

Aircraft ramp space can vary based on the type of aircraft being operated. For purposes of air cargo, most aircraft fall into one of four categories determined by the FAA’s Airport Reference Code (“ARC”). Code C aircraft, a 737, requires 20,700 square feet of ramp space. Code D aircraft, a 767 or DC10, requires 35,100 square feet of ramp space. Code E aircraft, a 747, requires 58,500 square feet of ramp space. The new B747- 800F is a Code F aircraft and will require 77,850 square feet of ramp. These criteria should be considered to determine future aircraft ramp space at large airports.

The first step is to determine the number and size of the existing aircraft parking positions at the airport dedicated to air cargo. At gateways this number varies substantially and there is no prescribed historical ratio. The *future* requirements can be calculated separately using the forecast data and building on historical cargo carrier operations. It is important to remember that an operation is an arrival **or** a departure, so to calculate the number of aircraft it is necessary to divide the number of operations by two. It is also significant to note that when estimating freighter operations at a U.S. airport, the calculations are based on a 286-day cargo year reflecting one-half day operations on Saturdays, and virtually no activity on Sundays. The forecast begins with the base year 2010 and indicates 37 daily cargo aircraft by 2020, and 44 cargo aircraft by 2030. The anticipated operations over the planning period are summarized in **Table 3.2-1, Projected Aircraft Operations**.

**Table 3.2-1
PROJECTED AIRCRAFT OPERATIONS**

Year	Annual Freighter Operations	Daily Freighter Operations	Daily Aircraft
2010	18,000	62	31
2020	21,000	74	37
2030	25,000	88	44

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International shipping schedules, customs clearances, foreign curfews, and federal screening requirements all limit flexibility to some extent; however, most positions can be used more than once a day. Prudent planning should typically consider two turns per day per parking position. However, in order to optimize available ramp, a conservative plan assumes that 50 percent of the apron parking positions will handle only one aircraft per day, while the other 50 percent will handle two per day. Under this scenario, there would be a requirement for 29 apron positions using the conservative utilization scenario in 2030. **Table 3.2-2, Summary of Air Cargo Aircraft Parking Requirements**, details the cargo aircraft parking requirements and the approximate ramp space that will be needed. This assumes 70 percent Code F and 30 percent Code D Aircraft.

**Table 3.2-2
AIRCRAFT PARKING REQUIREMENTS**

Year	Code F Freighters	Code D Freighters	Ramp Space Required (sq ft)
2010 (base)	11	10	1,207,000
2020	13	12	1,433,000
2030	15	14	1,660,000
Total New Requirement for Planning Period:			453,000

Source: Consultant Calculations

In addition, there should be a minimum of 50 feet provided (where appropriate) between the rear of the cargo buildings and the nose of the cargo aircraft to allow for staging and equipment maneuvering.

3.2.1 LANDSIDE OPERATIONS

An air cargo operation must be multi-modal – virtually all cargo arrives at the cargo facility by truck. As a result it is essential that landside planning consider trucking operations, as well as the accommodation of automobiles at the cargo facilities. Landside planning requirements include truck parking and queuing, roadway geometry, employee parking, customer parking, and potential alternative access for employees. Stakeholder discussions should be held to determine vehicle usage and size estimates. Inputs that are received and included with industry planning guidelines to size the requirements for the facilities and to understand the potential levels of traffic on the roads serving the cargo complex.

The 53-foot tractor-trailer is and should continue to be the most prevalent vehicle throughout the forecast period. To accommodate vehicles of this size, truck courts 150 feet deep are recommended. This will enable the trucks to back into the bays without impacting the movement of other vehicles on access roads during peak hours. Based on anticipated usage, the numbers of truck bay doors should be maximized at each cargo building. This would require a minimum separation of 12 feet from centerline of truck-to-centerline of truck.

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3.2.2 THE TRUCKING COMPONENT

In calculating trucking requirements, the primary consideration is origin and destination ("O&D") traffic. For most gateway airports air cargo traffic is O&D. There is some transfer activity from aircraft to aircraft but it is considered minimal. For the theoretical airport, of the projected 3,000,000 tons of air cargo for 2030, a total of 600,000 tons is anticipated for the integrators, leaving a balance of 2,400,000 tons for traditional carrier operations. It is important to understand the nature of the market and regional operations to understand how much of the cargo transfers from aircraft to aircraft and is not trucked (at that airport).

Twenty-five percent of the tonnage figure for traditional cargo operations – 600,000 tons is estimated to be transfer cargo. This leaves a balance of approximately 2,400,000 tons (600,000 integrator tons, and remaining 1,800,000 traditional cargo tons) as O&D cargo – that is cargo that will arrive at or leave the airport on a truck.

When reviewing truck usage requirements, the most utilized vehicle types are assumed to be the 53-foot tractor-trailer and the 40-foot truck for regular carriers, and the van and 53-foot vehicle for the integrators. Four other basic assumptions are utilized in estimating truck traffic: 1) the trucks typically operate with less than a full payload, 2) the trucks would operate 286 days a year, 3) there will be an approximately equal in and outbound traffic flow, and 4) the 53-foot vehicle category, will also include some 48-foot trucks. These considerations tend to raise the anticipated amount of daily trucking activity. It should be noted that these numbers are estimates for facility planning purposes. In the event roadway levels of service could become an issue in the future, a more detailed analysis would be required.

TRADITIONAL O&D TONNAGE – 1,800,000

Estimated Truck Fleet Mix -2030:

<u>Vehicle</u>	<u>Percent</u>	<u>Tonnage</u>	<u>Load</u>	<u>Operations</u>
Vans	10%	180,000	2 Tons	90,000
40-foot Truck	30%	540,000	10 Tons	54,000
53-foot Truck	60%	1,080,000	20 Tons	54,000
Annual Trucking Operations:				198,000
Daily Trucking Operations:				692

This level of annual activity equates to 692 daily operations - rounded to 350 trucks. (As with aircraft, a trucking operation can be inbound or outbound). Traffic peaks linked to international operations result in a concentration of about 60 percent of the trucking activity in two - three hour windows per day. As a result, those time periods would experience 35 trucks per hour while each off-peak hour will average about 7 to 8 trucks.



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INTEGRATOR/COURIER - O&D TONNAGE – 600,000

Integrated operations were considered separately because there are different peaks and because Integrator operations are located apart from the traditional carrier cargo operations if possible.

Estimated Truck Fleet Mix:

<u>Vehicle</u>	<u>Percent</u>	<u>Tonnage</u>	<u>Load</u>	<u>Operations</u>
Vans	20%	120,000	2 Tons	60,000
40-foot Truck	30%	180,000	10 Tons	18,000
53-foot Truck	50%	360,000	20 Tons	18,000
Annual Trucking Operations:				98,000
Daily Trucking Operations:				342

This level of activity on an annual basis equates to 342 daily operations or about 175 trucks. Traffic peaks result in a concentration of 80 percent of the trucking activity in two - two hour windows per day. As a result, those time periods will experience 68 trucks per hour while each off-peak hour will see about 3 to 4 trucks. Because the integrators operate at different peaks than the traditional carriers, the impacts on roadway congestion are spread out.

3.2.3 AUTO PARKING REQUIREMENTS

There are a number of operating assumptions that factored into the review of automobile parking requirements.

1. The autos will belong to one of three groups: employees working in the cargo facilities, visitors/customers of the carriers, and government employees and individuals visiting the central government complex.
2. Auto parking requirements will be lower for warehouse staff which work in highly automated facilities.
3. Typical employee auto parking for an air cargo operation ranges from three to eight spaces per 10,000 square feet of warehouse. A utilization level of four is typically assumed for U.S. facilities.
4. Typical employee auto parking is two to three spaces per 1,000 square feet of air cargo office. A utilization level of three per 1,000 square feet is typically assumed for U.S. facilities.
5. Integrator operations are labor-intensive and can require up to twice the number of parking positions.
6. Typical planning allows for 300 square feet per parking space (inclusive of circulation areas).

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Utilizing the above assumptions, the auto parking requirements can be estimated for cargo operations. The office and warehousing space requirements upon which the theoretical parking estimates are based are summarized below in **Table 3.2-3, Auto Parking Requirements**. The parking requirements are shown in the following tables.

Table 3.2-3
AUTO PARKING REQUIREMENTS

	Office Positions	Warehouse Positions	Total Positions
Carriers	546	728	1,274
Integrators	90	240	330
Total	636	968	1604

3.3 SPECIAL FACILITIES REQUIREMENTS

3.3.1 PERISHABLES

At gateways there is always interest expressed by stakeholders in the development of a Perishables Center. Given the international elements of its operations, most gateways must accommodate perishable goods such as fruits, vegetables, flowers, and seafood. Nevertheless, the development of such facilities failed in the early 1990's because: a) most carriers maintain some cooler capacity within their individual leaseholds - at JFK, the largest on-airport perishable facility in North America was built in 1991, but failed for this reason and b) perishables by their nature move through an airport very quickly minimizing storage demand. A number of perishable facilities have been developed and met with a similar lack of success. Most notable in North America, is Orlando which loses \$500,000 annually on the abandoned perishables facility. In Dubai, the flower center has never been fully utilized and is now proposed to be utilized for more traditional cargo processing. A very detailed and specific due diligence should be conducted in the event future development of a perishable facility is contemplated. If such an effort is to take place it will be critical to first determine the levels of perishable/climate controlled capacity that currently exist on the airport.

3.3.2 CERTIFIED CARGO SCREENING FACILITY (CCSF)

Because of the belly cargo screening requirement, and the intent of the TSA to push cargo screening back down the logistics chain, smaller cargo support functions have sought out Certified Cargo Screening Facilities ("CCSF") for operating assistance and financial relief. There are several such operations located off airport in forwarder and trucking facilities. There is some speculation that as security protocols mature, there will be increased interest in having a CCSF (or several) located on all the gateways. This would reduce operating costs substantially if the facility can be located such that it will have airside access via restricted service road. This would eliminate the need to reload inspected cargo onto a truck for movement to the carrier. A CCSF would be an ideal element in an on-airport cargo village. A typical such facility allowing for truck circulation will require approximately 50,000 square feet.

3.3.3 DANGEROUS GOODS (HAZARDOUS MATERIAL)

Dangerous goods are categorized as such, not necessarily because of what they are, but because of the chemicals or combination of ingredients that they contain. As a result, the industry groups acids and explosives with aerosol containers, and perfumes with a wide range of products - many of them common household products - in between. There are few examples of stand-alone "dangerous goods" facilities at commercial airports. The reason is that the products are so varied, of basically limited scale, and for the most part treated very much as ordinary cargo (with appropriate safeguards), that there is no perceived need or financial justification to pay the handling and storage associated with a separate facility.

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The handling of hazardous materials is usually the responsibility of the air carrier or freight forwarder. Those hazardous materials that are authorized to be shipped by air cargo carriers are regulated by the U.S. Department of Transportation (“USDOT”).

Occasionally cargo screening may detect a potential device that could be considered dangerous. Given the volumes of cargo to be handled at a gateway, there is a high likelihood that a number of such cargo detections may occur. For such occasions, the availability of a pressure/detonation chamber would be desirable. The land requirement is small – about 3,000 square feet – and can be easily allocated in the complex.

3.3.4 U.S. CUSTOMS & BORDER PROTECTION (CBP)

U.S. Customs & Border Protection (“CBP”) is obviously both a key facilitator of goods movement and a control on shipping processes. CBP’s primary focus is on O&D traffic. As a major component from both an administrative and operating perspective, CBP will benefit from a large office complex that can house not only their operations but ideally other government agencies as well. The result is a “one-stop shipping center” that facilitates clearance of cargo and the resolution of other transport issues for carriers, freight forwarders, and customs brokers. It also has the added benefit of reducing the movement of private vehicles throughout the cargo complex. CBP would prefer that this facility be co-located with the majority of their customers. At gateways CBP has also indicated that a small allocation of space in the individual cargo facilities for their inspections would increase their staff productivity and reduce clearance times for their customers.

3.3.5 ANIMAL CARE FACILITY

At a number of larger airports, stakeholders indicate a need for an animal care facility. The logic is that animals frequently require specialized care and handling that demands expertise not typically available with standard staff. Liability issues as well as certain elements of hygiene and safety also support the belief that a dedicated facility is most appropriate.

From an industry perspective, such facilities often deal with three categories of animals. These include domestics, which for the most part are dogs and cats kept as house pets. Many airports maintain kennels and boarding operations for these animals both as a service to employees and carriers, and as a source of revenue. The second category is livestock, which is generally cattle and horses although pigs are often included in shipments. These animals require stalls and in many cases exercise areas during required travel pauses. The last category of animals includes exotics that are most often zoo or circus animals that are sometimes dangerous and almost always difficult to deal with. Although some carriers have some modest ability to accommodate smaller animals in their own facilities, the ability to handle a broader range of animals is considered an important “value-added” service.

3.3.6 CARGO HANDLING REQUIREMENTS

The handling of air cargo has evolved substantially over the past decade, from a business perspective as well as how the cargo is physically handled. Cargo handling companies have filled the gap created after carriers made the strategic determination to minimize investment in facilities. The result is a growing number of partnerships between handling companies and private developers to create a different and more efficient type of cargo-handling building. While the lease would most typically be to a single entity, the facility would have multiple tenants with a wide range of carriers in the mix. This gives the airport the option to pursue "leasehold compensation" either through a traditional ground lease, or a hybrid arrangement that combines a reduced ground rent with a percentage of the fees generated by the actual cargo handling. This latter arrangement would categorize such a facility as "common use."

3.3.7 ACCESS REQUIREMENTS

An air cargo operation is an inter-modal operation to which trucks are critical for delivery of cargo to points of O&D in some manner. Historically, there are no accessing rail lines for freight at a gateway airport. The air and rail modes are largely suited for different cargoes and the limited freight that might connect between rail and air most typically will move on a truck. Similarly, water ferries for cargo are not considered viable from a cost benefit perspective. Discussions with the industry today confirm that is still the current thinking. There are several major issues. The first is covering the cost of the terminals and connecting infrastructure. It is problematic to determine if there would be sufficient volumes to cover operating costs for a roll-on-roll-off operation. The second issue is conflict on the location of a viable terminal site. The last issue, which is usually most problematic, is addressing the environmental concerns that such an operation could create.

Access for trucking will remain an important piece of the puzzle for air cargo growth. Airports that do not have appropriate highway access to their freight facilities could lose domestic cargo traffic to direct truck delivery, especially cargo that is not time sensitive. Adequate access to the airport through the highway system is important and future highway needs and improvements must be coordinated appropriately among the airport and State and City planning agencies.

3.4 SUMMARY

JFK, LAX, ORD, MIA and to a lesser extent, ATL have long been considered pre-eminent air cargo gateways in the industry. Growth was driven by balancing a strong flow of domestic cargo with international trade with emerging partners. As the air cargo industry matured, the international markets expanded to include Latin America and Asia, and more recently the Middle East. However, as the business expanded, so did the competitive arena. Based on geography, JFK focused on Europe, LAX developed a focus on trans-Pacific traffic, MIA with South and Central America, and Chicago O'Hare International Airport ("ORD"), given its central location in the U.S., pursued commerce with all markets.

Aircraft technology became more sophisticated; more airports began to realize and address growing regional international trade interests and to take advantage of unused capacity in the holds of passenger aircraft. The result has been the emergence of numerous competitors for market share and a change in how some international cargo is routed. DFW, IAH, EWR, and PHL have substantially benefited from this diversification. After September 11, 2001, the industry experienced seminal changes, the most significant of which continues today – the substitution of trucking activity for domestic air cargo and domestic legs of international air cargo. This trend has been exacerbated by unstable fuel prices and the rising costs of security, which makes the less expensive option of goods movement by truck, when possible, a more financially feasible option. In the face of continuing economic challenges, more mature markets are most severely impacted and the downturns in air cargo volumes over the past decade have affected the major gateways more than other gateways.

Nevertheless, air cargo is considered critical by most gateway cities. Economic research data indicate that 1,000 tons of annual air cargo activity typically provides and supports about 20 to 30 jobs throughout the logistics chain, with the jobs split fairly equally between points of origin and destination. This includes both on and off airport activity. In general, cargo operations impact a region in four ways:

- **Direct** impacts involve those activities which take place on the Airport.
- **Indirect** activities occur off airport and include a wide range of supporting functions.
- **Induced** effects arise from the expenditures by the recipients of direct and indirect wages and salaries.
- **Catalytic** benefits are new businesses that are created by cargo activity.

As a result of recent economic downturns and diminished revenues, airports are pursuing air cargo activity more aggressively than ever before. Based on the current state of the air cargo industry, and the forecasts prepared by major agencies and entities to include the FAA, Boeing, and Airbus, the air cargo industry will continue to grow globally although at a somewhat diminished rate. The overall rate is anticipated to be between five and six percent. This will be driven in large part by expanding and newer markets to include China, India, South America, the Middle East and Africa. The U.S. and Europe will remain strong trading partners for

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these markets and international cargo at the gateways will remain strong. Domestic air cargo growth will be relatively flat as the emphasis on trucking continues to remain strong. However, an anticipated driver shortage in the trucking industry will create challenges for that business segment over the next decade, raising prices and slowing growth.

The use of belly capacity to carry air cargo will continue to increase in the future as wide-body aircraft continue to proliferate. Freighter use will also continue to increase although at a slower rate. However, more effective ground handling, higher levels of mechanization, and the need for carriers to better utilize aircraft will reduce the dwell time for aircraft at points of destination allowing for more efficient use of airport infrastructure and increased aircraft turns per apron position.

Security will continue to play a major role in operations and will need to be considered in the planning and configuration of new cargo facilities. This will include the provision of space to accommodate breakdown, build-up, and screening of cargo, as well as a hold area. This will mean building more space to accommodate the same amount of cargo.

Leasing models will continue to evolve as the industry stakeholders continue to change their strategies. Most airports now prefer if possible to utilize private partnerships to develop cargo facilities. This allows the airports to continue to invest in passenger elements of their operations. At the same time, fewer carriers (other than the integrators) will invest in cargo facilities deferring to third party developers. Cargo handling companies have become major players in new development and will partner with an airport or private developer to build the facility that will give them the best opportunity to achieve economies of scale with regard to their use of staff and equipment.

The overall effect of this environment is that airports, even the more traditionally conservative ones are beginning to adapt more progressive (and user friendly) positions to facilitate partnerships. The following are some of the considerations that airports are now addressing.

1. Creating agreements to address the issue of existing airport facilities competing with new ones. The older facilities which are in some instances fully amortized can charge much lower rents. The competing rates have historically created difficulties in attracting and retaining customers in new buildings. This has become particularly sensitive in the market of the past five years where volumes and yields are down and costs are up.
2. The length of the typical lease for a development property has been 25 years. Newer lease agreements at the gateways and other airports can be extended – in some instances to reach 40 years or more. This enables the developer to amortize the investment over a longer period and reduce the rents and user fees charged to tenants.

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3. The issue of residual value (i.e. the potential worth of an existing building) has become a non-issue. Asking developers to compensate airport for an old amortized building as part of the right to build a new building added considerable costs which must flow through to tenants and users.
4. Most airports are now moving away from requiring the developer to begin paying ground rent the day the lease is signed. A more common and acceptable policy has become a penalty provision for a "failure to perform" by a negotiated date. This date is typically flexible and linked to market conditions.
5. Infrastructure development remains a challenge not a deterrent. In most instances the development of aeronautical infrastructure can be folded into a project and the costs mitigated through lease length, a sharing of costs, or in some cases the use of airport or city benefits that can be applied to the project with a flow-through that offsets some of the investment costs.
6. Development RFP's are being substantially simplified to reduce the costs of the proposal and the length of the process. Greater transparency related to costs in solicitations and negotiations is being introduced.

An additional consideration for the future of air cargo at airports is the development of the "cargo village". Simply stated this is prudent management of an airport's land assets. If, after allocating property for the protection of its long-term aviation requirements, an airport has land available for development, in a number of instances the concept of a small cargo village or air-oriented logistics park is now being considered. Because this market a) has competition from off airport facilities, and b) is directed at a market that is extremely cost conscious, airports are exploring different ground rent structures that will enable them to be competitive. This creates new opportunities for development partnerships.

Air cargo will continue to grow over the forecast period. It is likely that the rate of growth will slow, but overall growth in the global economy, despite recent slowdowns will continue to push demand particularly at the established gateways where passenger and freighter capacity are strong.

DISCLAIMER

These forecasts and trends analyses are based in part on historic data from sources considered by the Airport Consultant to be reliable, but the accuracy of these data has not been independently verified. These data constitute part of (i) the assumptions made by the L&B that are described in Sections 1 and 2, and (ii) future events and circumstances which L&B believes are significant to the forecasts. The achievement of any forecast or continuation of a trend may be affected by fluctuating economic conditions and depends upon the occurrence of other future events which cannot be assured. Therefore, the actual results achieved may vary from the forecasts, and such variations could be material.

APPENDIX

SUPPLEMENTAL HISTORICAL DATA SETS

Annual Tonnage by Belly-Passenger and All-Cargo Segments (metric tons)										
(Estimated from ACI Total Tonnage and U.S. DOT, Schedule T100 segment splits)										
Calendar Year		JFK	ORD	MIA	LAX	ATL	EWR	IAH	DFW	PHL
2003	Belly	607,484	457,147	426,116	651,469	428,090	271,797	193,803	177,658	103,509
	All Cargo	<u>1,019,238</u>	<u>1,053,599</u>	<u>1,211,162</u>	<u>1,181,831</u>	<u>370,411</u>	<u>602,844</u>	<u>188,136</u>	<u>489,916</u>	<u>450,603</u>
	Total	<u>1,626,722</u>	<u>1,510,746</u>	<u>1,637,278</u>	<u>1,833,300</u>	<u>798,501</u>	<u>874,641</u>	<u>381,939</u>	<u>667,574</u>	<u>554,112</u>
2004	Belly	637,420	426,116	394,213	650,444	423,377	310,764	197,906	188,620	98,482
	All Cargo	<u>1,069,048</u>	<u>1,048,536</u>	<u>1,384,689</u>	<u>1,263,232</u>	<u>438,853</u>	<u>674,074</u>	<u>203,230</u>	<u>553,669</u>	<u>472,925</u>
	Total	<u>1,706,468</u>	<u>1,474,652</u>	<u>1,778,902</u>	<u>1,913,676</u>	<u>862,230</u>	<u>984,838</u>	<u>401,136</u>	<u>742,289</u>	<u>571,407</u>
2005	Belly	647,918	448,637	357,643	612,042	339,493	272,439	180,342	169,501	86,708
	All Cargo	<u>1,012,799</u>	<u>1,097,516</u>	<u>1,396,990</u>	<u>1,326,388</u>	<u>428,404</u>	<u>677,494</u>	<u>207,448</u>	<u>572,304</u>	<u>460,903</u>
	Total	<u>1,660,717</u>	<u>1,546,153</u>	<u>1,754,633</u>	<u>1,938,430</u>	<u>767,897</u>	<u>949,933</u>	<u>387,790</u>	<u>741,805</u>	<u>547,611</u>
2006	Belly	653,951	439,581	317,208	575,907	270,266	266,304	197,318	167,264	83,717
	All Cargo	<u>982,406</u>	<u>1,118,654</u>	<u>1,513,383</u>	<u>1,331,590</u>	<u>476,236</u>	<u>708,657</u>	<u>211,804</u>	<u>590,592</u>	<u>448,446</u>
	Total	<u>1,636,357</u>	<u>1,558,235</u>	<u>1,830,591</u>	<u>1,907,497</u>	<u>746,502</u>	<u>974,961</u>	<u>409,122</u>	<u>757,856</u>	<u>532,163</u>
2007	Belly	631,681	419,686	331,766	571,365	242,818	262,916	170,155	140,989	78,760
	All Cargo	<u>975,369</u>	<u>1,113,920</u>	<u>1,591,219</u>	<u>1,312,952</u>	<u>477,391</u>	<u>700,878</u>	<u>239,038</u>	<u>583,151</u>	<u>464,598</u>
	Total	<u>1,607,050</u>	<u>1,533,606</u>	<u>1,922,985</u>	<u>1,884,317</u>	<u>720,209</u>	<u>963,794</u>	<u>409,193</u>	<u>724,140</u>	<u>543,357</u>
2008	Belly	609,585	395,866	314,704	551,334	244,765	262,909	183,654	133,074	77,353
	All Cargo	<u>838,850</u>	<u>928,954</u>	<u>1,492,066</u>	<u>1,079,047</u>	<u>410,512</u>	<u>624,343</u>	<u>227,733</u>	<u>539,661</u>	<u>427,337</u>
	Total	<u>1,448,436</u>	<u>1,324,819</u>	<u>1,806,770</u>	<u>1,630,381</u>	<u>655,277</u>	<u>887,252</u>	<u>411,388</u>	<u>672,735</u>	<u>504,690</u>
2009	Belly	541,302	333,050	267,669	512,607	209,418	223,225	171,865	117,003	64,091
	All Cargo	<u>603,595</u>	<u>714,867</u>	<u>1,289,732</u>	<u>996,629</u>	<u>326,721</u>	<u>556,417</u>	<u>200,797</u>	<u>461,903</u>	<u>369,348</u>
	Total	<u>1,144,897</u>	<u>1,047,917</u>	<u>1,557,401</u>	<u>1,509,236</u>	<u>536,139</u>	<u>779,642</u>	<u>372,662</u>	<u>578,906</u>	<u>433,439</u>
2010	Belly	628,554	442,489	335,888	578,071	268,120	270,091	216,710	140,070	80,609
	All Cargo	<u>715,572</u>	<u>934,063</u>	<u>1,499,909</u>	<u>1,169,558</u>	<u>391,009</u>	<u>585,503</u>	<u>207,153</u>	<u>505,356</u>	<u>339,093</u>
	Total	<u>1,344,126</u>	<u>1,376,552</u>	<u>1,835,797</u>	<u>1,747,629</u>	<u>659,129</u>	<u>855,594</u>	<u>423,863</u>	<u>645,426</u>	<u>419,702</u>
2011	Belly	651,799	396,889	334,164	589,382	285,411	244,850	226,501	123,120	80,821
	All Cargo	<u>697,193</u>	<u>914,732</u>	<u>1,507,765</u>	<u>1,092,229</u>	<u>377,751</u>	<u>568,359</u>	<u>219,827</u>	<u>531,296</u>	<u>334,384</u>
	Total	<u>1,348,992</u>	<u>1,311,622</u>	<u>1,841,929</u>	<u>1,681,611</u>	<u>663,162</u>	<u>813,209</u>	<u>446,328</u>	<u>654,415</u>	<u>415,205</u>
Sources: ACI World Annual Traffic Reports (2000-2011); U.S. DOT, Schedule T-100 (2003-2011)										
Note: Figures includes mail tonnage as well.										
Note: U.S. DOT, Schedule T-100 data used provide % shares for segmenting the ACI total tonnage figures										



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Annual Tonnage by Domestic and International Segments (metric tons)										
(Estimated from ACI Total Tonnage and U.S. DOT, Schedule T100 segment splits)										
Calendar Year		JFK	ORD	MIA	LAX	ATL	EWR	IAH	DFW	PHL
2003	Domestic	382,798	606,318	324,238	927,654	513,337	588,248	249,354	495,967	424,078
	International	<u>1,243,924</u>	<u>904,428</u>	<u>1,313,040</u>	<u>905,646</u>	<u>285,164</u>	<u>286,393</u>	<u>132,584</u>	<u>171,607</u>	<u>130,034</u>
	Total	1,626,722	1,510,746	1,637,278	1,833,300	798,501	874,641	381,939	667,574	554,112
2004	Domestic	416,675	591,001	351,018	934,514	516,471	662,437	261,115	499,111	441,832
	International	<u>1,289,793</u>	<u>883,651</u>	<u>1,427,884</u>	<u>979,162</u>	<u>345,759</u>	<u>322,401</u>	<u>140,021</u>	<u>243,178</u>	<u>129,575</u>
	Total	1,706,468	1,474,652	1,778,902	1,913,676	862,230	984,838	401,136	742,289	571,407
2005	Domestic	402,702	604,082	341,241	949,581	438,569	648,817	240,001	463,041	424,747
	International	<u>1,258,015</u>	<u>942,071</u>	<u>1,413,392</u>	<u>988,849</u>	<u>329,328</u>	<u>301,116</u>	<u>147,789</u>	<u>278,764</u>	<u>122,864</u>
	Total	1,660,717	1,546,153	1,754,633	1,938,430	767,897	949,933	387,790	741,805	547,611
2006	Domestic	358,373	590,710	330,012	848,948	370,946	657,326	242,537	458,415	411,618
	International	<u>1,277,984</u>	<u>967,525</u>	<u>1,500,579</u>	<u>1,058,549</u>	<u>375,556</u>	<u>317,635</u>	<u>166,585</u>	<u>299,441</u>	<u>120,545</u>
	Total	1,636,357	1,558,235	1,830,591	1,907,497	746,502	974,961	409,122	757,856	532,163
2007	Domestic	347,534	540,089	327,323	794,872	340,351	639,589	242,060	424,942	413,198
	International	<u>1,259,516</u>	<u>993,517</u>	<u>1,595,662</u>	<u>1,089,445</u>	<u>379,858</u>	<u>324,205</u>	<u>167,134</u>	<u>299,198</u>	<u>130,160</u>
	Total	1,607,050	1,533,606	1,922,985	1,884,317	720,209	963,794	409,193	724,140	543,357
2008	Domestic	305,254	426,942	264,036	669,672	283,022	564,504	218,049	381,716	377,869
	International	<u>1,143,182</u>	<u>897,877</u>	<u>1,542,734</u>	<u>960,709</u>	<u>372,255</u>	<u>322,748</u>	<u>193,339</u>	<u>291,019</u>	<u>126,821</u>
	Total	1,448,436	1,324,819	1,806,770	1,630,381	655,277	887,252	411,388	672,735	504,690
2009	Domestic	240,522	341,722	216,658	637,897	235,081	501,668	203,539	316,530	325,565
	International	<u>904,375</u>	<u>706,195</u>	<u>1,340,743</u>	<u>871,339</u>	<u>301,058</u>	<u>277,974</u>	<u>169,123</u>	<u>262,376</u>	<u>107,874</u>
	Total	1,144,897	1,047,917	1,557,401	1,509,236	536,139	779,642	372,662	578,906	433,439
2010	Domestic	268,396	399,574	236,997	680,803	278,619	527,662	218,080	339,218	291,326
	International	<u>1,075,730</u>	<u>976,978</u>	<u>1,598,800</u>	<u>1,066,826</u>	<u>380,510</u>	<u>327,932</u>	<u>205,783</u>	<u>306,208</u>	<u>128,376</u>
	Total	1,344,126	1,376,552	1,835,797	1,747,629	659,129	855,594	423,863	645,426	419,702
2011	Domestic	268,398	359,136	242,030	661,236	281,396	517,576	221,383	332,469	285,492
	International	<u>1,080,594</u>	<u>952,486</u>	<u>1,599,899</u>	<u>1,020,375</u>	<u>381,766</u>	<u>295,633</u>	<u>224,945</u>	<u>321,946</u>	<u>129,713</u>
	Total	1,348,992	1,311,622	1,841,929	1,681,611	663,162	813,209	446,328	654,415	415,205
Sources: ACI World Annual Traffic Reports (2000-2011); U.S. DOT, Schedule T-100 (2003-2011)										
Note: Figures includes mail tonnage as well.										
Note: U.S. DOT, Schedule T-100 data used provide % shares for segmenting the ACI total tonnage figures										



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SUPPLEMENTAL DETAILED FORECASTS BY AIRPORT

Calendar Year		JFK								
		Dom Belly	Dom AllCargo	Dom Total	Int Belly	Int AllCargo	Int Total	Belly Total	AllCargo Total	JFK TOTAL
History	2003	149,223	233,575	382,798	458,261	785,663	1,243,924	607,484	1,019,238	1,626,722
	2004	141,761	274,914	416,675	495,659	794,135	1,289,793	637,420	1,069,048	1,706,468
	2005	130,888	271,814	402,702	517,029	740,985	1,258,015	647,918	1,012,799	1,660,717
	2006	118,688	239,685	358,373	535,263	742,721	1,277,984	653,951	982,406	1,636,357
	2007	103,793	243,741	347,534	527,887	731,629	1,259,516	631,681	975,369	1,607,050
	2008	97,464	207,790	305,254	512,121	631,061	1,143,182	609,585	838,850	1,448,436
	2009	70,924	169,598	240,522	470,377	433,998	904,375	541,302	603,595	1,144,897
	2010	71,641	196,756	268,396	556,914	518,816	1,075,730	628,554	715,572	1,344,126
	2011	70,260	198,138	268,398	581,540	499,055	1,080,594	651,799	697,193	1,348,992
	Forecast	2015	72,200	212,000	284,200	693,500	572,700	1,266,200	765,700	784,700
2020		74,800	230,600	305,400	864,200	680,200	1,544,400	939,000	910,800	1,849,800
2025		77,500	250,900	328,400	1,077,000	807,900	1,884,900	1,154,500	1,058,800	2,213,300
2030		80,300	273,000	353,300	1,342,100	959,500	2,301,600	1,422,400	1,232,500	2,654,900

Calendar Year		ORD								
		Dom Belly	Dom AllCargo	Dom Total	Int Belly	Int AllCargo	Int Total	Belly Total	AllCargo Total	ORD TOTAL
History	2003	179,410	426,908	606,318	277,737	626,691	904,428	457,147	1,053,599	1,510,746
	2004	158,329	432,672	591,001	267,788	615,863	883,651	426,116	1,048,536	1,474,652
	2005	151,326	452,756	604,082	297,310	644,760	942,071	448,637	1,097,516	1,546,153
	2006	130,977	459,733	590,710	308,604	658,921	967,525	439,581	1,118,654	1,558,235
	2007	104,363	435,726	540,089	315,323	678,194	993,517	419,686	1,113,920	1,533,606
	2008	102,530	324,412	426,942	293,336	604,541	897,877	395,866	928,954	1,324,819
	2009	90,453	251,269	341,722	242,597	463,598	706,195	333,050	714,867	1,047,917
	2010	113,993	285,581	399,574	328,495	648,483	976,978	442,489	934,063	1,376,552
	2011	89,417	269,718	359,136	307,472	645,014	952,486	396,889	914,732	1,311,622
	Forecast	2015	91,900	288,500	380,400	366,700	740,200	1,106,900	458,600	1,028,700
2020		95,200	313,900	409,100	457,000	879,100	1,336,100	552,200	1,193,000	1,745,200
2025		98,600	341,500	440,100	569,500	1,044,100	1,613,600	668,100	1,385,600	2,053,700
2030		102,100	371,500	473,600	709,700	1,240,100	1,949,800	811,800	1,611,600	2,423,400



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Calendar Year		MIA								
		Dom Belly	Dom AllCargo	Dom Total	Int Belly	Int AllCargo	Int Total	Belly Total	AllCargo Total	MIA TOTAL
History	2003	119,318	204,920	324,238	306,798	1,006,242	1,313,040	426,116	1,211,162	1,637,278
	2004	106,975	244,043	351,018	287,238	1,140,646	1,427,884	394,213	1,384,689	1,778,902
	2005	84,564	256,677	341,241	273,078	1,140,313	1,413,392	357,643	1,396,990	1,754,633
	2006	72,372	257,640	330,012	244,836	1,255,743	1,500,579	317,208	1,513,383	1,830,591
	2007	78,583	248,741	327,323	253,183	1,342,479	1,595,662	331,766	1,591,219	1,922,985
	2008	65,492	198,544	264,036	249,212	1,293,522	1,542,734	314,704	1,492,066	1,806,770
	2009	49,052	167,606	216,658	218,617	1,122,126	1,340,743	267,669	1,289,732	1,557,401
	2010	56,722	180,276	236,997	279,166	1,319,633	1,598,800	335,888	1,499,909	1,835,797
	2011	51,899	190,130	242,030	282,265	1,317,634	1,599,899	334,164	1,507,765	1,841,929
	Forecast	2015	53,400	203,400	256,800	336,600	1,512,000	1,848,600	390,000	1,715,400
2020		55,300	221,300	276,600	419,500	1,795,800	2,215,300	474,800	2,017,100	2,491,900
2025		57,300	240,800	298,100	522,800	2,132,800	2,655,600	580,100	2,373,600	2,953,700
2030		59,300	262,000	321,300	651,500	2,533,100	3,184,600	710,800	2,795,100	3,505,900

Calendar Year		LAX								
		Dom Belly	Dom AllCargo	Dom Total	Int Belly	Int AllCargo	Int Total	Belly Total	AllCargo Total	LAX TOTAL
History	2003	331,544	596,109	927,654	319,925	585,721	905,646	651,469	1,181,831	1,833,300
	2004	302,194	632,320	934,514	348,249	630,913	979,162	650,444	1,263,232	1,913,676
	2005	273,953	675,628	949,581	338,089	650,760	988,849	612,042	1,326,388	1,938,430
	2006	238,136	610,812	848,948	337,770	720,779	1,058,549	575,907	1,331,590	1,907,497
	2007	219,143	575,729	794,872	352,222	737,223	1,089,445	571,365	1,312,952	1,884,317
	2008	203,729	465,943	669,672	347,605	613,104	960,709	551,334	1,079,047	1,630,381
	2009	185,192	452,705	637,897	327,415	543,924	871,339	512,607	996,629	1,509,236
	2010	202,509	478,294	680,803	375,562	691,264	1,066,826	578,071	1,169,558	1,747,629
	2011	187,310	473,926	661,236	402,072	618,303	1,020,375	589,382	1,092,229	1,681,611
	Forecast	2015	192,600	507,000	699,600	479,500	709,500	1,189,000	672,100	1,216,500
2020		199,400	551,600	751,000	597,500	842,700	1,440,200	796,900	1,394,300	2,191,200
2025		206,500	600,100	806,600	744,600	1,000,900	1,745,500	951,100	1,601,000	2,552,100
2030		213,800	652,900	866,700	927,900	1,188,800	2,116,700	1,141,700	1,841,700	2,983,400



AIR CARGO INDUSTRY OVERVIEW

Calendar Year		ATL								
		Dom Belly	Dom AllCargo	Dom Total	Int Belly	Int AllCargo	Int Total	Belly Total	AllCargo Total	ATL TOTAL
History	2003	291,541	221,797	513,337	136,549	148,614	285,164	428,090	370,411	798,501
	2004	273,779	242,692	516,471	149,598	196,161	345,759	423,377	438,853	862,230
	2005	193,671	244,898	438,569	145,821	183,506	329,328	339,493	428,404	767,897
	2006	130,854	240,092	370,946	139,411	236,144	375,556	270,266	476,236	746,502
	2007	108,127	232,224	340,351	134,691	245,167	379,858	242,818	477,391	720,209
	2008	95,886	187,136	283,022	148,879	223,376	372,255	244,765	410,512	655,277
	2009	77,146	157,935	235,081	132,272	168,786	301,058	209,418	326,721	536,139
	2010	93,667	184,952	278,619	174,453	206,057	380,510	268,120	391,009	659,129
	2011	103,749	177,647	281,396	181,662	200,104	381,766	285,411	377,751	663,162
Forecast	2015	106,700	190,000	296,700	216,600	229,600	446,200	323,300	419,600	742,900
	2020	110,500	206,700	317,200	269,900	272,700	542,600	380,400	479,400	859,800
	2025	114,400	224,900	339,300	336,300	323,900	660,200	450,700	548,800	999,500
	2030	118,500	244,700	363,200	419,100	384,700	803,800	537,600	629,400	1,167,000

Calendar Year		EWR								
		Dom Belly	Dom AllCargo	Dom Total	Int Belly	Int AllCargo	Int Total	Belly Total	AllCargo Total	EWR TOTAL
History	2003	85,605	502,643	588,248	186,191	100,202	286,393	271,797	602,844	874,641
	2004	97,378	565,059	662,437	213,386	109,015	322,401	310,764	674,074	984,838
	2005	77,964	570,853	648,817	194,475	106,641	301,116	272,439	677,494	949,933
	2006	69,753	587,573	657,326	196,551	121,084	317,635	266,304	708,657	974,961
	2007	63,878	575,711	639,589	199,038	125,167	324,205	262,916	700,878	963,794
	2008	61,340	503,164	564,504	201,569	121,179	322,748	262,909	624,343	887,252
	2009	50,915	450,752	501,668	172,310	105,665	277,974	223,225	556,417	779,642
	2010	49,554	478,108	527,662	220,537	107,395	327,932	270,091	585,503	855,594
	2011	47,945	469,632	517,576	196,906	98,727	295,633	244,850	568,359	813,209
Forecast	2015	49,300	502,400	551,700	234,800	113,300	348,100	284,100	615,700	899,800
	2020	51,000	546,600	597,600	292,600	134,600	427,200	343,600	681,200	1,024,800
	2025	52,800	594,700	647,500	364,600	159,900	524,500	417,400	754,600	1,172,000
	2030	54,700	647,000	701,700	454,400	189,900	644,300	509,100	836,900	1,346,000



AIR CARGO INDUSTRY OVERVIEW

Calendar Year		IAH								
		Dom Belly	Dom AllCargo	Dom Total	Int Belly	Int AllCargo	Int Total	Belly Total	AllCargo Total	IAH TOTAL
History	2003	96,620	152,734	249,354	97,183	35,402	132,584	193,803	188,136	381,939
	2004	92,972	168,142	261,115	104,933	35,088	140,021	197,906	203,230	401,136
	2005	76,267	163,734	240,001	104,075	43,714	147,789	180,342	207,448	387,790
	2006	77,037	165,500	242,537	120,281	46,304	166,585	197,318	211,804	409,122
	2007	63,332	178,728	242,060	106,823	60,311	167,134	170,155	239,038	409,193
	2008	67,184	150,865	218,049	116,470	76,869	193,339	183,654	227,733	411,388
	2009	61,587	141,952	203,539	110,278	58,845	169,123	171,865	200,797	372,662
	2010	64,916	153,164	218,080	151,794	53,989	205,783	216,710	207,153	423,863
	2011	59,813	161,570	221,383	166,688	58,257	224,945	226,501	219,827	446,328
Forecast	2015	61,500	172,800	234,300	198,800	66,900	265,700	260,300	239,700	500,000
	2020	63,700	188,000	251,700	247,700	79,500	327,200	311,400	267,500	578,900
	2025	66,000	204,500	270,500	308,700	94,400	403,100	374,700	298,900	673,600
	2030	68,300	222,500	290,800	384,700	112,100	496,800	453,000	334,600	787,600

Calendar Year		DFW								
		Dom Belly	Dom AllCargo	Dom Total	Int Belly	Int AllCargo	Int Total	Belly Total	AllCargo Total	DFW TOTAL
History	2003	109,089	386,878	495,967	68,569	103,038	171,607	177,658	489,916	667,574
	2004	111,039	388,072	499,111	77,581	165,597	243,178	188,620	553,669	742,289
	2005	88,002	375,039	463,041	81,499	197,265	278,764	169,501	572,304	741,805
	2006	87,530	370,885	458,415	79,733	219,708	299,441	167,264	590,592	757,856
	2007	71,685	353,258	424,942	69,304	229,894	299,198	140,989	583,151	724,140
	2008	64,132	317,585	381,716	68,942	222,077	291,019	133,074	539,661	672,735
	2009	52,869	263,661	316,530	64,134	198,242	262,376	117,003	461,903	578,906
	2010	54,945	284,273	339,218	85,125	221,084	306,208	140,070	505,356	645,426
	2011	41,489	290,980	332,469	81,630	240,316	321,946	123,120	531,296	654,415
Forecast	2015	42,700	311,300	354,000	97,300	275,800	373,100	140,000	587,100	727,100
	2020	44,200	338,700	382,900	121,300	327,600	448,900	165,500	666,300	831,800
	2025	45,800	368,500	414,300	151,200	389,100	540,300	197,000	757,600	954,600
	2030	47,400	400,900	448,300	188,400	462,100	650,500	235,800	863,000	1,098,800



AIR CARGO INDUSTRY OVERVIEW

	Calendar Year	PHL								
		Dom Belly	Dom AllCargo	Dom Total	Int Belly	Int AllCargo	Int Total	Belly Total	AllCargo Total	PHL TOTAL
History	2003	41,399	382,679	424,078	62,111	67,924	130,034	103,509	450,603	554,112
	2004	39,284	402,548	441,832	59,197	70,378	129,575	98,482	472,925	571,407
	2005	33,598	391,149	424,747	53,110	69,754	122,864	86,708	460,903	547,611
	2006	31,967	379,651	411,618	51,750	68,795	120,545	83,717	448,446	532,163
	2007	25,199	387,998	413,198	53,561	76,599	130,160	78,760	464,598	543,357
	2008	26,727	351,142	377,869	50,625	76,196	126,821	77,353	427,337	504,690
	2009	21,255	304,311	325,565	42,836	65,038	107,874	64,091	369,348	433,439
	2010	23,172	268,154	291,326	57,437	70,939	128,376	80,609	339,093	419,702
	2011	23,154	262,338	285,492	57,667	72,045	129,713	80,821	334,384	415,205
Forecast	2015	23,800	280,600	304,400	68,800	82,700	151,500	92,600	363,300	455,900
	2020	24,600	305,300	329,900	85,700	98,200	183,900	110,300	403,500	513,800
	2025	25,500	332,100	357,600	106,800	116,600	223,400	132,300	448,700	581,000
	2030	26,400	361,300	387,700	133,100	138,500	271,600	159,500	499,800	659,300



APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE

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PART V - APPENDIX C**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE**

The following is a summary of certain provisions of the Master Indenture, as supplemented. This summary does not purport to be complete and reference to the Master Indenture is hereby made for all of the terms and conditions of the Master Indenture. Terms used in this PART V-Appendix C that are not defined herein shall have the meanings set forth in the Master Indenture or PART V-Appendix F.

Defined Terms

“Accounts” shall mean the named and unnamed accounts established within any Fund.

“Act of Bankruptcy” shall mean, with respect to any Person, the filing of a petition in bankruptcy (or the other commencement of a bankruptcy or similar proceeding) by or against such Person, under the Federal Bankruptcy Code or any other applicable bankruptcy, insolvency, reorganization or similar law, now or thereafter in effect; provided, however, that no involuntary petition in bankruptcy, or appointment of a trustee, custodian or receiver, without the consent of such Person, shall constitute an Act of Bankruptcy until one hundred and twenty (120) days shall have elapsed from the date of filing thereof, during which time such Person has been unable to obtain the dismissal of the petition or appointment.

“Additional Obligations” shall mean Obligations other than those initially issued pursuant to the Master Indenture.

“Additional Property” shall mean a property which is neither a Project nor a Mortgaged Property but from which some or all of the net revenue is pledged under the Master Indenture, each of which Additional Properties is required to be listed on Schedule B of the Master Indenture, as the same may be redelivered from time to time as provided in the Master Indenture.

“Affiliate” shall mean, with respect to any Person, another Person which controls, is controlled by or is under common control with such Person.

“Allocable Bonds” shall mean that portion of a Series of Bonds (which may be all such Bonds or less than all) that has been allocated in the Related Financing Documents or in a Supplemental Indenture to a particular Project.

“Annual Maintenance Reserve Fund Deposit” shall mean initially an amount equal to \$0.13 times the aggregate number of square feet of building space at all Projects, all Mortgaged Properties and all Additional Properties, as such number may or shall be adjusted as permitted or required by the Master Indenture.

“Architectural Consultant” shall mean an Independent architect, engineer, firm of architects or engineers, other third party consultant or firm of third party consultants which is appointed by the Group Representative for the purpose of passing on questions relating to the design and construction of any particular facility, has all licenses and certifications necessary for the performance of such services and has, in the reasonable opinion of the Group Representative,

a favorable reputation for skill and experience in performing similar services in respect of facilities of a comparable size and nature.

“Authorized Representative” shall mean, with respect to any particular action to be taken by or on behalf of a Member, any officer of such Member or of the entity in control of such Member who is authorized to take such action pursuant to a certified resolution duly adopted by its board or other Governing Person, a copy of which shall be filed with the Master Trustee, and, with respect to the Master Trustee, shall mean any authorized trust officer.

“Bankruptcy Code” shall mean Title 11 of the United States Code, 11 U.S.C. §§101 et seq., as amended from time to time.

“Bond Counsel” shall mean an attorney or firm of attorneys selected by the Group Representative and not unacceptable to the Master Trustee, recognized, by inclusion in the listing of attorneys in the Bond Buyer’s Municipal Market Place as most recently issued, as nationally expert in the field of municipal finance.

“Bond Trustee” shall mean the trustee for the holders of any Series of Bonds.

“Bond Year” shall mean each one-year period that ends at the close of business on the day selected by the Group Representative, initially June 30 of each year. The first and last Bond Years may be short periods. If no day is selected by the Group Representative before the earlier of the date the last Bond is discharged or the date that is five years after the date of delivery of the Bonds, Bond Years shall end on each anniversary of the date of delivery of the Bonds and on the date the last Bond is discharged. Different Series of Bonds may have different Bond Years if the Master Trustee and the applicable Bond Trustees are so notified in writing.

“Bonds” shall mean any one of the obligations of a governmental issuer secured by an Obligation issued under the Master Indenture and issued to finance or refinance a Project.

“Budgeted Operation and Maintenance Amount” shall mean the aggregate budgeted Operation and Maintenance Expenses for one or more Projects, Members, Mortgaged Properties or the Obligated Group, as the context requires, for any particular Fiscal Year as certified to by an Authorized Representative of the Group Representative.

“Business Day” shall mean any day other than a Saturday, Sunday or a day on which banking institutions in Montreal, Canada, Chicago, Illinois, Annapolis, Maryland, New York, New York and/or the cities in which the principal corporate trust or principal operations offices of the Master Trustee and the Bond Trustee to whom a payment is to be made, as applicable, are located are authorized or obligated by law or executive order to be closed or the New York Stock Exchange is closed.

“Capital Costs” shall mean costs related to improvements to capital assets of the Members.

“Class” shall mean a particular level of subordination of Notes or other Obligation, “Senior” being the most senior level, “Subordinate Class A” being the next level of subordination and “Subordinate Class B” being the most subordinate level.

“Code” shall mean the Internal Revenue Code of 1986, as amended from time to time.

“Computation Date” shall mean an Installment Computation Date or the Final Computation Date.

“Confirmation of Rating” shall mean a written confirmation obtained prior to the event or action under scrutiny from each Rating Agency then rating any Bonds to the effect that, following the proposed action or event under scrutiny at the time such confirmation is sought, the rating of such Rating Agency on such Bonds will not be reduced or withdrawn.

“Consultant” or “Independent Consultant” shall mean an Independent consulting firm which is appointed by the Group Representative at its expense and is not unacceptable to the Master Trustee for the purpose of passing on questions relating to the financial affairs, management or operations of one or more Members or the entire Obligated Group, is nationally recognized for its expertise and has, in the reasonable opinion of the Group Representative, a favorable reputation for skill and experience in performing similar services in respect of entities engaged in reasonably comparable endeavors and, in particular, in the market analysis of airport support facilities, including air cargo facilities. If any Consultant’s report or opinion is required to be given with respect to matters partly within and partly outside the expertise of any Consultant, such Consultant may rely upon the report or opinion of another Consultant possessing the necessary expertise.

“Consultant’s Report” means a written report of an Independent Consultant.

“Counsel” shall mean a licensed attorney at law or law firm (which may include counsel to a Member).

“Current Estimated Tenant Improvement Requirement” shall mean for each Member, the amount the Member reasonably projects to be needed to fund estimated Tenant Improvements at its properties in the then current Fiscal Year and the next Fiscal Year (as provided by the Group Representative as provided in the Master Indenture).

“Current Operations Fund” shall mean the Fund of the Obligated Group established with the Master Trustee pursuant to the Master Indenture in accordance with the requirements of the Master Indenture, into which the Master Trustee shall deposit moneys as required by the Master Indenture.

“Debt Service” shall mean the principal and redemption price of and interest due on or under a Note or other Obligation.

“Debt Service Coverage Ratio” shall mean, for the period of time for which it is calculated for all Obligations (other than the Subordinate Class B Obligations), the ratio determined by dividing (a) a numerator equal to the Revenues Available for Debt Service for such period by (b) a denominator equal to the sum of the Debt Service Requirements with respect to all Indebtedness on a parity with or senior to the Subordinate Class A Obligations (with respect either to security or to payment or to both) for such period, plus any amounts then required to be deposited in the Debt Service Reserve Funds to meet the Debt Service Reserve Requirements for all Bonds.

“Debt Service Fund” means the special fund established with the Master Trustee pursuant to the Master Indenture in accordance with the requirements of the Master Indenture.

“Debt Service Requirements” shall mean, for any specified period, (a) the amounts payable to the Holders of Obligations (or to any trustee or paying agent for such Holders) in respect of the principal of any or all Obligations under the Master Indenture (including scheduled mandatory redemptions (or other scheduled prepayments) of principal) and the interest on such Obligations, and (b) the amounts payable to any or all holders of Indebtedness other than Obligations (or to any trustee or paying agent for such holders) in respect of the principal of such Indebtedness (including scheduled mandatory redemptions or prepayments of principal) and the interest on such Indebtedness. Notwithstanding the foregoing, the amounts deemed payable in respect of any Indebtedness shall not include interest which is funded from the proceeds thereof or any amounts payable from funds available (without reinvestment) in a Qualified Escrow (other than amounts so payable solely by reason of a Member’s failure to make payments from other sources). In addition, calculations of Debt Service Requirements shall be subject to adjustment as and to the extent permitted or required by the Master Indenture. Notwithstanding the foregoing, in no event shall the Debt Service Requirements be calculated as including amounts paid or due on any Outstanding or contemplated Subordinate Class B Obligations or any other Indebtedness, outstanding or contemplated, which is subordinate to the Subordinate Class A Obligations.

“Debt Service Reserve Fund” shall mean each reserve fund established under the Related Financing Documents for a Project financed with a Series of Bonds (or under the Master Indenture, to the extent required pursuant to the Master Indenture and any Supplemental Indenture) to secure such Bonds in at least the amount of the Debt Service Reserve Requirement. Any Debt Service Reserve Fund may be funded with monies, a Credit Facility or any combination of the same.

“Debt Service Reserve Requirement” shall mean with respect to each Series of Senior Bonds and of Subordinate Class A Bonds secured by Obligations issued under the Master Indenture, an amount equal to fifty percent (50%) (unless and until such date as the Master Trustee has received a Notice of Reserve Fund Increase, after which date it shall be equal to one hundred percent (100%) until such time as the Master Trustee has received a Notice of Reserve Fund Decrease) of the maximum annual debt service requirements for such Series of Bonds, as may be further specified in the Related Financing Documents, but in the case of any issue of Tax Exempt Bonds for purposes of Section 148 of the Code, in no event greater than the least of (i) the maximum annual principal and interest requirements of such Tax Exempt Bonds, (ii) 10% of the Sale Proceeds and (iii) 125% of the average annual principal and interest requirements of such Bonds; provided, however, that with respect to the Senior Bonds to be issued September 13, 2012 by the Public Finance Authority, the Debt Service Reserve Requirement shall be \$100,000 in excess of the calculated Debt Service Reserve Requirement except to the extent the same would be in excess of the sizing limitations expressed above imposed under Section 148 of the Code.

“Defeasance Collateral” shall mean:

(a) non-callable direct obligations of the United States of America, non-callable and non-prepayable direct federal agency obligations the timely payment of principal of and interest on which are fully and unconditionally guaranteed by the United States of America, non-callable direct obligations of the United States of America which have been stripped by the United States Treasury itself or by any Federal Reserve Bank (not including “CATS,” “TRS” and “TIGRS”) and the interest components of REFCORP bonds for which the underlying bond is non-callable (or non-callable before the due date of such interest component) and for which separation of principal and interest is made by request to the Federal Reserve Bank of New York in book-entry form, and shall exclude investments in mutual funds and unit investment trusts;

(b) non-callable obligations the timely payment of principal and interest on which are fully and unconditionally guaranteed by the United States of America; and

(c) bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local government unit of any such state (i) which are not callable at the option of the obligor or otherwise prior to maturity or as to which irrevocable notice has been given by the obligor to call such bonds or obligations on the date specified in the notice, (ii) timely payment of which is fully secured by a fund consisting only of cash or obligations of the character described in clause (a) or (b) which fund may be applied only to the payment when due of such bonds or other obligations, and (iii) which are rated at least “AA+” by Standard & Poor’s or Fitch or at least “Aa3” by Moody’s Investors Service.

“Environmental Laws” means any and all federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including, but not limited to, those related to Hazardous Materials, hazardous substances or wastes, air emissions and discharges to waste or public systems.

“Event of Default” shall mean any event of default under the Master Indenture, as defined in the Master Indenture.

“Facility Surplus Fund” means the named Fund with such name established with the Master Trustee pursuant to the Master Indenture, in accordance with the requirements of the Master Indenture.

“Final Computation Date” shall have the meaning ascribed thereto in the Regulations.

“Final Release Conditions” shall have the meaning set forth in the Master Indenture.

“Fiscal Year” shall mean a period of twelve consecutive months ending on June 30 or on such other date as may be specified in an Officer’s Certificate delivered to the Master Trustee.

“Fitch” means Fitch Ratings, and its successors and assigns.

“Fund” shall mean any of the named Funds required to be established by the Master Trustee pursuant to the Master Indenture.

“General Account” shall mean the Account with such name within the Revenue Fund, established with the Master Trustee pursuant to the Master Indenture, in accordance with the requirements of the Master Indenture.

“Governing Person” shall mean the governing board of an entity or such other Person having control over the actions or determinations of an entity or other Person.

“Government Obligations” shall mean:

(i) direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America;

(ii) evidences of ownership of a proportionate interest in specified direct obligations of, or specified obligations the timely payment of the principal of and the interest on which are unconditionally and fully guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian;

(iii) obligations issued by the Resolution Funding Corporation pursuant to the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (the “FIRRE Act”), (A) the principal of which obligations is payable when due from payments of the maturing principal of non-interest bearing direct obligations of the United States of America which are issued by the Secretary of the Treasury and deposited in the Funding Corporation Principal Fund established pursuant to the FIRRE Act, and (B) the interest on which obligations, to the extent not paid from other specified sources, is payable when due by the Secretary of the Treasury pursuant to the FIRRE Act; and

(iv) obligations which are (A) issued by any state or political subdivision thereof or any agency or instrumentality of such a state or political subdivision, (B) fully secured as to principal and interest by obligations described in clause (i), (ii) or (iii) above and (C) rated at the time of purchase in one of the two highest ratings categories by Moody’s, Fitch and Standard & Poor’s (or, upon discontinuation of either rating service, by such other nationally recognized rating service or services as may be acceptable to the Master Trustee).

“Gross Proceeds” means the sum of all Proceeds and “replacement proceeds,” as defined in Section 148 of the Code and Section 1.148-1(b) of the Regulations.

“Gross Revenues” shall mean Net Revenues from Additional Properties, if any, and all operating and non-operating revenues, receipts and income of each Member (provided that distributions to the Special Limited Member from the Facility Surplus Fund shall not constitute Gross Revenues) and all rights to receive the same, whether in the form of accounts receivable, contract rights, chattel paper, instruments, general intangibles or other rights and all proceeds thereof, including insurance proceeds and condemnation awards, whether now existing or hereafter coming into existence and whether now owned or hereafter acquired and all amounts contributed to the capital of a Member by its owners.

“Ground Lease” shall mean any one of the ground leases under which a Member holds its leasehold interest in the ground that is part of any Project, any Mortgaged Property or any Additional Property.

“Group Representative” shall mean Transportation Infrastructure Properties, LLC and its successors and assigns, including, without limitation, any other Member of the Obligated Group which shall have been designated to assume the responsibilities of the Group Representative pursuant to the Master Indenture.

“Hazardous Material” means any and all pollutants, toxic or hazardous wastes or any other substances that might pose a hazard to health or safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge spillage, seepage, or filtration of which is or shall be restricted, prohibited or penalized by any applicable law (including, without limitation, asbestos, urea formaldehyde foam insulation and polychlorinated biphenyls).

“Hedge” means an agreement being entered into with a counterparty (or whose obligation to make payment are credit enhanced or guaranteed by an entity) that, on the date the Hedge is entered into has an investment grade long term credit rating from at least one Rating Agency, in order to hedge or manage the interest payable, whether at a fixed interest rate or variable interest rate, on all or a portion of any Indebtedness, which agreement may include, without limitation, an interest rate swap, basis swap, a forward or futures contract, a commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, forward transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transactions (including any option with respect to any of these transactions) or any combination thereof, whether linked to one or more interest rates, foreign currencies, commodity prices, equity prices or other financial measures and which arrangement does not constitute an obligation to repay money borrowed, credit extended or the equivalent thereof.

“Holder” shall mean, as the context requires, any Noteholder or other obligee on an Obligation, and shall include successors or assigns. In the case of an Obligation issued to a trustee or other fiduciary acting on behalf of the holders of any bonds, notes, certificates or other similar obligations which are secured by such Obligation, the term Holder shall mean the trustee or other fiduciary or, if so provided in the Related Financing Documents, the holders of the bonds, notes, certificates or other obligations in proportion to their respective interests therein or, if so required in such Related Financing Documents, the Qualified Credit Provider under such Related Financing Documents as defined therein.

“Indebtedness” shall mean and include: (a) except as provided later in this definition, all Obligations; and (b) any additional obligation for the payment of money to a Person other than a Member, which obligation is incurred, assumed or guaranteed by a Member and is in the form of (i) a loan, (ii) a capitalized lease, installment sale agreement or other comparable arrangement to provide for the acquisition, renovation or construction of capital assets, or (iii) any other extension of credit by a third party which is properly treated as indebtedness under generally

accepted accounting principles; provided that Indebtedness shall not include any Note or other Obligation issued to secure a Hedge.

“Independent” shall mean a Person who is not (i) a Governing Person, (ii) a member of the governing board of any Member or Governing Person, (iii) an officer or employee of any Member, or (iv) a Person having a partner, director, officer, member, or substantial stockholder who is a member of the board of any Member or who is a Governing Person or an officer or employee of a Member or Governing Person; provided, however, that the fact that such Person is retained regularly by or transacts business with a Member shall not make such Person an employee within the meaning of this definition.

“Independent Director” or “Independent Manager” shall mean a Person who is not at the time of initial appointment, or at any time while serving as a director or manager, as applicable, and has not been at any time during the preceding five (5) years: (a) a stockholder, director (with the exception of serving as the Independent Director or Independent Manager), officer, employee, partner, member, manager, contractor, attorney or counsel of the Member or any Affiliate thereof; (b) a customer, creditor, supplier or other person who derives any of its purchases or revenues from its activities with the Member or any Affiliate thereof; (c) a Person controlling or under common control with any such stockholder, director, officer, partner, member, manager, contractor, customer, creditor, supplier or other Person; or (d) a member of the immediate family of any such stockholder, director, officer, employee, partner, member, manager, contractor, customer, creditor, supplier or other Person. As used in this definition, the term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of management, policies or activities of a Person, whether through ownership of voting securities, by contract or otherwise.

“Independent Public Accountant” shall mean an Independent accounting firm which is appointed by the Group Representative for the purpose of examining and reporting on or passing on questions relating to the financial statements of one or more Members or the entire Obligated Group, has all certifications necessary for the performance of such services and has a favorable reputation for skill and experience in performing similar services in respect of entities engaged in reasonably comparable endeavors.

“Installment Computation Date” means the last day of the fifth Bond Year and each succeeding fifth Bond Year.

“Investment Proceeds” shall have the meaning ascribed to such term in the Code.

“Investment Securities” shall mean and include any of the following to the extent the same are legal investments under the laws of any applicable jurisdiction:

- (i) cash deposits (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with Government Obligations);
- (ii) Government Obligations;
- (iii) obligations of the following federal agencies so long as such obligations are backed by the full faith and credit of the United States of America: (a) U.S. Export-Import

Bank (Eximbank), (b) Rural Economic Community Development Administration, (c) Federal Financing Bank, (d) General Services Administration, (e) U.S. Maritime Administration, (f) U.S. Department of Housing and Urban Development (PHAs) (g) Small Business Administration, (h) Government National Mortgage Association (GNMA), (i) Federal Housing Administration, and (j) Farm Credit System Financial Assistance Corporation;

(iv) direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America: (a) senior debt obligations rated in the highest long-term rating category by at least two nationally recognized rating agencies issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC), (b) senior debt obligations of the Federal Home Loan Bank System, and (c) senior debt obligations of other United States government sponsored agencies bearing the same or higher ratings as Government Obligations;

(v) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which either (a) have a rating on their short-term certificates of deposit on the date of purchase in the highest short-term rating category of at least two nationally recognized rating agencies, (b) are insured at all times by the Federal Deposit Insurance Corporation or (c) are collateralized with Government Obligations at 102% of the value thereof, valued daily. All such certificates must mature no more than 360 days after the date of purchase (Ratings on holding companies are not considered as the rating of the bank);

(vi) commercial paper which is rated at the time of purchase in the highest short-term rating category of at least two nationally recognized rating agencies and which matures not more than 270 days after the date of purchase;

(vii) investments in (a) money market funds registered under the Investment Company Act of 1940, as amended, whose shares are registered under the Securities Act of 1933, as amended, and rated in the highest short-term rating category of at least two nationally recognized rating agencies, including, without limitation, funds for which the Master Trustee, its Affiliates and subsidiaries provide investment advisory or other management services, and (b) public sector investment pools operated pursuant to SEC Rule 2a-7 in which the issuer's deposit shall not exceed 5% of the aggregate pool balance at any time and such pool is rated in one of the two highest short-term rating categories of at least two nationally recognized rating agencies;

(viii) pre-funded municipal obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local government unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice and (a) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest long-term rating category of at least two nationally recognized rating agencies (without regard to gradations), or (b)(1) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or Government Obligations, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (2) which escrow is sufficient, as verified by a nationally

recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (viii) on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(ix) general obligations of states with a short-term rating in one of the two highest rating categories and a long-term rating in one of the two highest rating categories of at least two nationally recognized rating agencies. In the event such obligations are variable rate obligations, the interest rate on such obligations must be reset not less frequently than annually;

(x) investment agreements with a Qualified Investment Provider;

(xi) other forms of investments (including repurchase agreements) approved in writing by a Qualified Financial Institution providing a Credit Facility or not unacceptable to the Rating Agencies then rating any Bonds;

(xii) repurchase agreements relating to securities described in clauses (i), (ii), (iii), (iv), (vi), (viii) and (ix) above, with a Qualified Investment Provider which agreement shall provide that (A) such securities have a value of at least 103% (valued on each interest payment date for the Bonds) of the specified repurchase price and are deposited with the Master Trustee or with a third party custodian approved by, and in accordance with documentation satisfactory to, the Master Trustee, (B) the provider will repurchase such securities without penalty upon request of the Master Trustee in order to use the proceeds for any purpose for which the Fund from which the investment was made may be used, (C) if such rating falls below "A3" or "A-," respectively by either Moody's and Standard & Poor's, the provider must notify the Trustee and repurchase such securities without penalty within five (5) Business Days of such downgrade and (D) the Master Trustee is expressly authorized to liquidate such securities in the event of the insolvency of the provider or the commencement by or against the provider of a case under the federal Bankruptcy Code or the appointment or taking possession by a trustee or custodian of the assets of the provider; and

(xiii) a guaranteed investment contract with a defined termination date, secured by Government Obligations or other security not unacceptable to the Rating Agencies then rating the Bonds in an amount at least equal to the amount invested under the contract and pledged to the Master Trustee.

"Joinder Agreement" shall mean a written instrument by which a Person becomes a Member and thereby becomes subject to the Master Indenture in accordance with the terms and provisions of the Master Indenture.

"Limited Special Purpose Entity" shall mean a corporation, limited partnership or limited liability company which at all times from and after the date of execution of the Master Indenture:

(a) is organized solely for the purpose of (i) acquiring, developing, owning, holding, selling, leasing, transferring, exchanging, managing and operating one of the Projects, Mortgaged Properties or Additional Properties, entering into the Master Indenture and consummating the transactions contemplated by the Master Indenture and transacting lawful business that is incident, necessary and appropriate to accomplish the foregoing; or (ii) acting as

a general partner of a limited partnership that is a Member or as a member or manager of a limited liability company that is a Member;

(b) is not engaged and will not engage in any business unrelated to (i) the acquisition, development, ownership, management or operation of one of the Projects, Mortgaged Properties or Additional Properties or (ii) acting as a general partner of a limited partnership that is a Member or as a member or manager of a limited liability company that is a Member;

(c) does not have and will not have any assets other than those related to the Projects, Mortgaged Properties or Additional Properties or its partnership interest in the limited partnership or the membership interest in the limited liability company that is a Member, as applicable;

(d) has not engaged, sought or consented to and will not engage in, seek or consent to any dissolution, winding up, liquidation, consolidation, merger, sale of all or substantially all of its assets, transfer of partnership or membership interests (if such entity is a general partner in a limited partnership or a member in a limited liability company) or amendment of its limited partnership agreement, articles of incorporation, articles of organization, certificate of formation or operating agreement (as applicable) with respect to the matters set forth in this definition;

(e) if such entity is a corporation, has at least one (1) Independent Director, and has not caused or allowed and will not cause or allow the board of directors of such entity to take any action requiring the unanimous affirmative vote of one hundred percent (100%) of the members of its board of directors unless the Independent Director shall have participated in such vote;

(f) if such entity is a limited liability company or partnership, it is fully controlled by the Special Limited Member;

(g) is and will remain solvent and pay its debts and liabilities (including, as applicable, shared personnel and overhead expenses) from its assets as the same shall become due, and is maintaining and will maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations;

(h) has not failed and will not fail to correct any known misunderstanding regarding the separate identity of such entity;

(i) has maintained and will maintain its accounts, books and records separate from any other Person and will file its own tax returns, except to the extent that it is required to file consolidated tax returns by law;

(j) has maintained and will maintain its own records, books, resolutions and agreements;

(k) other than as contemplated by the Master Indenture has not commingled and will not commingle its funds or assets with those of any other Person;

(l) has held and will hold its assets in its own name;

(m) has conducted and will conduct its business in its name, except for services rendered under the Management Agreement so long as the manager, or equivalent thereof, under such Management Agreement holds itself out as an agent of the Member or the Obligated Group;

(n) has maintained and will maintain its financial statements, accounting records and other entity documents separate from any other Person and has not permitted and will not permit its assets to be listed as assets on the financial statement of any other entity except as required by GAAP; provided, however, that any such consolidated financial statement shall contain a note indicating that its separate assets and liabilities are neither available to pay the debts of the consolidated entity nor constitute obligations of the consolidated entity;

(o) has paid and will pay its own liabilities and expenses, including the salaries of its own employees, if any, out of its own funds and assets except as provided in the Master Indenture, and to the extent it has employees, has maintained and will maintain a sufficient number of employees in light of its contemplated business operations;

(p) has observed and will observe all partnership, corporate or limited liability company formalities, as applicable;

(q) has and will have no Indebtedness other than (i) the Indebtedness permitted hereby, (ii) liabilities incurred in the ordinary course of business relating to the ownership and operation of the Project and the routine administration of the Member including equipment leasing and financing and other short term unsecured indebtedness, in amounts not to exceed four percent (4%) of the principal balance of the Bonds which liabilities are not more than sixty (60) days past the date incurred, are not evidenced by a note and are paid when due, and which amounts are normal and reasonable under the circumstances, and (iii) such other liabilities that are permitted pursuant to the Master Indenture;

(r) has not and will not assume or guarantee or become obligated for the debts of any other Person or hold out its credit as being available to satisfy the obligations of any other Person except as permitted pursuant to the Master Indenture;

(s) has not and will not acquire obligations or securities of its partners, members or shareholders or any other Affiliate;

(t) has allocated and will allocate fairly and reasonably any overhead expenses that are shared with any Affiliate, including, but not limited to, paying for shared office space and services performed by any employee of an Affiliate;

(u) to the extent it has such items, maintains and uses and will maintain and use separate stationery, invoices and checks bearing its name. The stationery, invoices, and checks utilized by the Limited Special Purpose Entity or utilized to collect its funds or pay its expenses shall bear its own name and shall not bear the name of any other entity unless such entity is clearly designated as being the Limited Special Purpose Entity's agent;

(v) has not pledged and will not pledge its assets for the benefit of any other Person except as permitted by the Master Indenture;

(w) has held itself out and identified itself and will hold itself out and identify itself as a separate and distinct entity under its own name and not as a division or part of any other Person, and will not take any actions through an Affiliate except for actions taken by an Affiliate which is the Manager rendered under a Management Agreement with such Affiliate that complies with the terms contained in Subsection (aa) below, so long as the Manager, or equivalent thereof, under such Management Agreement holds itself out as an agent of the Member;

(x) has maintained and will maintain its assets in such a manner that it will not be costly or difficult to segregate, ascertain or identify its individual assets from those of any other Person;

(y) has not made and will not make loans to any Person or hold evidence of indebtedness issued by any other Person or entity (other than cash and investment grade securities issued by an entity that is not an Affiliate of or subject to common ownership with such entity);

(z) has not identified and will not identify its partners, members or shareholders, or any Affiliate of any of them, as a division or part of it, and has not identified itself and shall not identify itself as a division of any other Person;

(aa) has not entered into or been a party to, and will not enter into or be a party to, any transaction with its partners, members, shareholders or Affiliates except (A) in the ordinary course of its business and on terms which are intrinsically fair, commercially reasonable and are no less favorable to it than would be obtained in a comparable arm's length transaction with an unrelated third party, (B) the Management Agreement, and (C) in connection with the Master Indenture;

(bb) has not and will not have any obligation to, and will not, indemnify its partners, officers, directors or members, as the case may be, unless such an obligation is fully subordinated to the Bonds and will not constitute a claim against it in the event that cash flow in excess of the amount required to pay the Bonds is insufficient to pay such obligation;

(cc) if such entity is a corporation, it shall consider the interests of its creditors in connection with all corporate actions;

(dd) does not and will not have any of its obligations guaranteed by any Affiliate other than as contemplated by the Master Indenture; and

(ee) has complied and will comply with all of the terms and provisions contained in its Organizational Documents. The statement of facts contained in its Organizational Documents are true and correct and will remain true and correct.

“Maintenance Expenses” shall mean all reasonable and necessary expenses of any Member in maintaining the physical plant of any Project, Mortgaged Property or Additional Property and may include repair items that are capitalizable.

“Maintenance Expense Certification” shall mean the certification of the Group Representative described in the Master Indenture.

“Maintenance Reserve Fund” shall mean the Maintenance Reserve Fund established in the Master Indenture in accordance with the requirements of the Master Indenture.

“Majority Applicable Holders” shall mean in the case of consent or direction to be given under the Master Indenture, the Holders of the majority in aggregate principal amount of Outstanding Senior Obligations or, (i) if no Senior Obligation remains Outstanding, or (ii) if the Holders of the Outstanding Senior Obligations have so consented pursuant to a Special Senior Consent, the Holders of the majority in aggregate principal amount Outstanding of Subordinate Class A Obligations, or (iii) if no Senior Obligation and no Subordinate Class A Obligation remains Outstanding, the Holders of the majority in aggregate principal amount Outstanding of Subordinate Class B Obligations.

“Management Agreement” shall mean the management contract or contracts relating to the Projects, Mortgaged Property and Additional Property, initially, the Amended and Restated Master Management Agreement by and between CalEast Air Cargo, LLC and AeroTerm US, Inc., dated June 26, 2007, as the same may be required to be redelivered from time to time upon a change in the Manager of any Project, Mortgaged Property or Additional Property or upon a new Project, Mortgaged Property or Additional Property being added.

“Manager” shall mean, initially, with respect to all the Projects and all the Mortgaged Properties, AeroTerm U.S., Inc., a Delaware corporation, and its successors and permitted assigns with respect to one or more of the Projects, Mortgaged Properties or Additional Properties.

“Material Adverse Effect” shall mean (a) a material adverse change in the financial condition of any Member, Project or Mortgaged Property; or (b) any event or occurrence of whatever nature which would materially and adversely change (i) any Member’s ability to perform its obligations under the Related Ground Lease, the Master Indenture or any Related Financing Documents; or (ii) the Holder’s or the Master Trustee’s security interests in the security pledged under the Master Indenture.

“Maximum Annual Debt Service Requirements” shall mean, for any or all Indebtedness as specified as of the date of calculation, the highest annual Debt Service Requirements payable during the then current or any succeeding Fiscal Year over the remaining term of all Obligations issued under the Master Indenture (or over such shorter test period as specified for the calculations). If any calculation of Revenues Available for Debt Service as a percentage of Maximum Annual Debt Service Requirements is required to be made for any period ending between the date of incurrence of any Indebtedness to finance or refinance any construction or renovation and the completion date of such construction or renovation, the Maximum Annual Debt Service Requirements to be used for the purpose of such calculation shall be deemed equal to the sum of (a) the Maximum Annual Debt Service Requirements on all specified Indebtedness, excluding the Indebtedness or proposed Indebtedness incurred or to be incurred to finance or refinance such construction or renovation, and (b) the Debt Service Requirements on such excluded Indebtedness for the period in question. In addition, notwithstanding the foregoing, in no event shall the Maximum Annual Debt Service Requirements be calculated as

including amounts paid or due on any Outstanding or contemplated Subordinate Class B Obligations or any other Indebtedness, outstanding or contemplated, which is subordinate to the Subordinate Class A Obligations.

“Member” shall mean (a) the Initial Members, the Special Limited Member, and any other Person which has become a Member in accordance with the provisions of the Master Indenture, whether or not such Person has issued any Obligations under the Master Indenture, and (b) when used in respect of any particular Obligation financing one or more Projects or other Indebtedness, shall mean the Member or each Member owning a Project or Projects financed by such Obligation thereunder.

“Moody’s” means Moody’s Investors Service, Inc., and its successors and assigns.

“Mortgage” shall mean a mortgage or deed of trust and an included or separate assignment of rents together with such other security documents as shall be executed to effect a security interest of the Master Trustee in a Project or Mortgaged Property.

“Mortgaged Property” shall mean any property that is not a Project but that is covered by a Mortgage.

“Net Proceeds,” when used with respect to any damage, destruction, condemnation or loss of title, means the gross proceeds from any insurance relating to damage or destruction of any Project or Mortgaged Property or condemnation award with respect to any condemned Project or Mortgaged Property or realization of title insurance with respect to any deficiency or loss of title to any Project or Mortgaged Property, remaining after the payment of all expenses (including attorneys’ fees and any expenses of the Master Trustee) incurred in the collection of such gross proceeds, whether paid to the Member or to the landlord under the Related Ground Lease, but in the case of amounts paid to such landlord, shall include only those amounts to be made available for replacement or repair of such Project or Mortgaged Property or for the repayment of Bonds or Indebtedness.

“Net Revenues from Additional Properties” shall mean the sum of the amount of revenues derived from the properties required to be listed on Schedule B (if any) Master Indenture from time to time after payment of all operating expenses, impositions and debt service required to be paid from such revenues prior to the owner of each such property taking any profit therefrom.

“Nonmember Affiliate” means any Person who is an Affiliate and not a Member of the Obligated Group.

“Nonpurpose Investment” shall have the meaning ascribed to such term in the Code.

“Note” shall mean any note issued under the Master Indenture by one or more Members to evidence Indebtedness incurred pursuant to the terms of the Master Indenture or to secure a Member’s obligations pursuant to a Hedge.

“Noteholder” shall mean the Person in whose name the Note is registered pursuant to the Master Indenture.

“Notice of Reserve Fund Decrease” shall have the meaning set forth in the Master Indenture.

“Notice of Reserve Fund Increase” shall have the meaning set forth in the Master Indenture.

“Obligated Group” shall mean all Members.

“Obligation” shall mean any Note issued under the Master Indenture and any additional form or forms of Obligations created pursuant to the Master Indenture, including any Obligation issued to secure a Hedge.

“Officer’s Certificate” shall mean a certificate or report signed by an Authorized Representative of the appropriate Member of the Obligated Group. When an Officer’s Certificate is required under the Master Indenture to set forth matters relating to more than one Member of the Obligated Group, such Officer’s Certificate shall be signed by an Authorized Representative of the Group Representative.

“Operating Revenues” shall mean Gross Revenues derived from the operation of a Project or Mortgaged Property or Additional Property.

“Operation and Maintenance Expenses” shall mean all Maintenance Expenses and Capital Costs and reasonable and necessary expenses of any Member of operating any Project, Mortgaged Property or Additional Property (including, without limitation, all fees and any out-of-pocket expenses reimbursed to any Manager under the terms of the applicable Management Agreement and all leasing commissions), including amounts due with respect to personal property secured as permitted in the Master Indenture, but shall not include (i) depreciation charges, or adjustments for straight-line amortization of ground rental expense, amortization of purchase price allocated to below market leases, amortization of purchase price allocated to above market ground leases, bad debt expense or straight-line amortization of rental revenue, (ii) amortization of principal, premium or discount and interest on Obligations or Bonds or other Indebtedness (except amounts due with respect to personal property secured as permitted in the Master Indenture), and (iii) taxes on net income, taxable income, book income, net revenues, gross receipts, profits, equity, net book value, net worth or any combination thereof of such Member.

“Opinion of Bond Counsel” shall mean a written opinion of Bond Counsel.

“Opinion of Counsel” shall mean an opinion or opinions in writing, signed by legal counsel acceptable to the Master Trustee who, unless otherwise specified, may be counsel to a party to the Related Financing Documents or to a Member of the Obligated Group. As to any factual matters involved in an Opinion of Counsel, such counsel may rely, to the extent that they deem such reliance proper, upon a certificate or certificates setting forth such matters which have been signed by an official, officer, general partner or authorized representative of a particular Person.

“Organizational Documents” shall mean for any Member the organizational documents governing its creation, existence and actions, as in effect on the date in question.

“Outstanding” shall mean (a) in the case of Notes, all Notes issued, authenticated and delivered under the Master Indenture other than (i) Notes as to which all required payments of principal, premium and interest have been fully paid or have been duly provided for pursuant to the Master Indenture, and (ii) Notes surrendered to and required to be cancelled by the Master Trustee or otherwise replaced, as provided in the Master Indenture, and (b) in the case of any other Obligations, all such Obligations issued under the Master Indenture unless the Master Trustee has received from the Holder thereof a written release of all claims thereunder against the signer and all other Members.

“Permitted Encumbrances” shall mean those encumbrances enumerated in the Master Indenture.

“Permitted Liens” shall mean those liens enumerated in the Master Indenture.

“Permitted Subsidiaries” shall mean entities 100% controlled by the Special Limited Member and, which own directly or indirectly all or a portion of the equity in any Member (besides the Special Limited Member), including, initially, CAC Air Holding, LLC, Aero CAC SPE Corp., Aero CAC II SPE Corp., Aero HE, LLC, and Aero O’Hare Holdings, LLC.

“Person” shall mean an individual, a corporation, a partnership, an association, a limited liability company, a joint stock company, a joint venture, a trust, an unincorporated organization, a governmental unit or an agency, political subdivision or instrumentality thereof or any other group or organization of individuals.

“Prepaid Rent” shall mean any rent (less any sales or similar taxes due and payable on such rent) paid by subtenants of Members more than 30 days in advance of its due date.

“Prepaid Rent Account” shall mean the Account with such name, within the Revenue Fund, established with the Master Trustee pursuant to the Master Indenture, in accordance with the requirements of the Master Indenture.

“Proceeds” shall mean the Sale Proceeds and Investment Proceeds of the Bonds.

“Project” shall mean a group of facilities for which a Member is the ground lessee financed by one or more Series of Bonds.

“Projected Debt Service Coverage Ratio” shall mean, for the period of time for which it is calculated for all Obligations, the ratio determined by dividing (a) a numerator equal to the Projected Revenues Available for Debt Service for such period by (b) a denominator equal to the sum of the Debt Service Requirements for all Indebtedness (including those for proposed Indebtedness to the extent provided in the definition of “Maximum Annual Debt Service Requirements” and using the expected amortization schedule for the proposed Indebtedness) for such period plus any amounts reasonably expected to be required to be deposited in the Debt Service Reserve Funds for all Bonds (including Bonds expected to be issued). Notwithstanding the foregoing, in no event shall the Projected Debt Service Coverage Ratio be calculated as including amounts paid or due on any Outstanding or contemplated Subordinate Class B Obligations or any other Indebtedness Outstanding or contemplated which is subordinate to the Subordinate Class A Obligations.

“Projected Revenues Available for Debt Service” shall mean “Revenues Available for Debt Service” for one or more Members, a Project or the Obligated Group, as the context requires, where the Total Revenues and expenses are projected for a future period using reasonable, consistently applied and stated assumptions including reasonable assumptions as to the revenues to be generated by the new or renovated facility which is anticipated to be financed by the proposed Indebtedness, which assumptions shall be based on leases in place at the time of financing and renewals of in-place leases at the average renewal rate over the prior 36 months.

“Projected Senior Debt Service Coverage Ratio” shall mean, for the period of time for which it is calculated for all Senior Obligations, the ratio determined by dividing (a) a numerator equal to the Projected Revenues Available for Debt Service for such period by (b) a denominator equal to the sum of the Debt Service Requirements for all Senior Obligations (including those for proposed Indebtedness to the extent provided in the definition of “Maximum Annual Debt Service Requirements” and using the expected amortization schedule for the proposed Indebtedness) for such period, plus any amounts reasonably expected to be required to be deposited in the Debt Service Reserve Funds for all Bonds secured by Senior Obligations (including any such Bonds expected to be issued).

“Qualified Distribution Notice” shall have the meaning set forth in the Master Indenture.

“Qualified Escrow” shall mean a segregated escrow fund or other similar fund or account which (a) is irrevocably established as security for Indebtedness previously incurred and then outstanding (herein referred to as “Prior Indebtedness”) or for Indebtedness, if any, then to be incurred to refund outstanding Prior Indebtedness (herein referred to as “Refunding Indebtedness”), (b) is held by the holder of the Prior Indebtedness or Refunding Indebtedness secured thereby or by a trustee or agent acting on behalf of such holder and is subject to a perfected security interest in favor of such holder, trustee or agent, (c) is held in cash or invested in obligations described in subparagraph (i), (ii), (iii) or (iv) of the definition of Investment Securities, and (d) is required by the documents establishing such fund or account to be applied toward a Member’s payment obligations in respect of the Prior Indebtedness, provided that, if the fund or account is funded in whole or in part with the proceeds of Refunding Indebtedness, the documents establishing the same may require specified payments of principal or interest (or both) in respect of the Refunding Indebtedness to be made from the fund or account prior to the date on which the Prior Indebtedness is repaid in full.

“Qualified Financial Institution” shall mean a bank, trust company, national banking association, insurance company, other financial services company or government or quasi-governmental agency whose unsecured long term debt obligations (in the case of a bank, trust company, national banking association, other financial services company, government or quasi-governmental agency) or whose claims paying abilities (in the case of an insurance company) are rated in any of the three highest rating categories (without regard to gradation) by one or more of Moody’s, Fitch and Standard & Poor’s (i.e., the equivalent of A or higher) (or, upon discontinuation of either rating service, by such other nationally recognized rating service or services as may be acceptable to the Master Trustee).

“Qualified Investment Provider” shall mean a financial institution or insurance company which has (or the parent company or guarantor of which has) at the date of execution of the

applicable investment agreement an outstanding issue of unsecured, uninsured and unguaranteed debt obligations or a claims paying ability rated in either of the two highest long-term Rating Categories by Moody's, Fitch or Standard & Poor's (without regard to gradations).

"Rating Agency" shall mean the rating agency or agencies rating any Obligation issued under the Master Indenture, initially Standard & Poor's.

"Rebate Amount" has the meaning ascribed in Section 1.148-3(b) of the Regulations and generally means the excess as of any date of the future value of all receipts on Nonpurpose Investments over the future value of all payments on Nonpurpose Investments all as determined in accordance with Section 1.148-3 of the Regulations.

"Rebate Analyst" means Bond Counsel or an Independent Public Accountant or other Independent financial analyst qualified and experienced in the calculation of Rebate Payments under Section 148 of the Code and not unacceptable to the Master Trustee, charged with calculating to Rebate Amounts and Rebate Payments with respect to a Series of Bonds.

"Rebate Fund" means the fund established with the Master Trustee pursuant to the Master Indenture, in accordance with the requirements of the Master Indenture.

"Rebate Payment" shall mean the minimum amount of rebatable arbitrage required to be paid with respect to any particular Tax Exempt Bonds on a Computation Date.

"Regulations" means the applicable Income Tax Regulations under Sections 103 and 141 through 150 of the Code and, to the extent appropriate, any predecessor statute, whether at the time proposed, temporary, final or otherwise.

"Related Financing Documents" shall mean:

(a) in the case of any Note, (i) all documents pursuant to which the proceeds of the Note (or of any debt evidenced or secured thereby) are made available to a Member, the payment obligations evidenced by the Note are created and any security for the Note (if permitted under the Master Indenture) is granted, and (ii) all documents creating any additional payment or other obligations on the part of a Member which are executed in favor of or assigned to the Noteholder in consideration of the proceeds of the Note (or of any debt evidenced or secured thereby) being loaned or otherwise made available to the Member or, if a Credit Facility has been issued in support of the Member's obligations under the Note, executed in favor of the issuer thereof or assigned thereto in consideration of such issuance;

(b) in the case of any Indebtedness other than Notes, all documents relating thereto which are of the same nature and for the same purpose as the documents described in clause (a) above.

"Related Ground Lease" shall mean the Ground Lease related to a particular Project, Mortgaged Property or Additional Property, as the context requires.

"Related Mortgage" shall mean the Mortgage related to a particular Project or Mortgaged Property, as the context requires.

“Renewal Fund” means the named Fund established with such name with the Master Trustee pursuant to the Master Indenture, in accordance with the requirements of the Master Indenture.

“Required Monthly Deposits” shall mean in any month, the sum of the following with respect to each Outstanding Note and other Outstanding Obligation: (i) a portion of the interest due on the next scheduled interest payment date with respect to the Series of Bonds or other Indebtedness secured thereby, such that if, in each subsequent month prior to the next date scheduled interest is to be paid with respect to such Note or other Obligation, an equal amount were deposited, the amount on deposit on such next scheduled interest payment date would be equal to (or as close to equal to, but not less than, as possible) the interest due with respect thereto on such date; (ii) a portion of the principal due on the next scheduled principal payment or prepayment date with respect to the Series of Bonds or other Indebtedness secured thereby, such that, if, in each subsequent month prior to the next date scheduled principal is to be paid or prepaid with respect to such Note or other Obligation, an equal amount were deposited, the amount on deposit on the next scheduled principal payment date would be equal to (or as close to equal to, but not less than, as possible) of the principal (including scheduled prepayments) and, notwithstanding the Master Indenture, excluding any termination payments due under a Hedge due on such next scheduled principal payment date; (iii) any prepayments of the Note or other Obligation required to be made in connection with any unscheduled mandatory redemption of such Series of Bonds or any optional redemption for which irrevocable notice has been sent; and (iv) any termination payments due under a Hedge. In calculating the Required Monthly Deposits, the Master Trustee shall take into account, and credit as deposited towards the Required Monthly Deposit with respect to the applicable Series of Bonds, amounts required to be credited to the Debt Service Fund held by the related Bond Trustee because of permitted reductions in the amount held in the Debt Service Reserve Fund for such Series of Bonds and may adjust for earnings and other extra amounts held in the Revenue Fund and the Debt Service Fund.

“Revenue Fund” shall mean the named Fund with such name authorized to be established pursuant to the Master Indenture in accordance with the requirements of the Master Indenture.

“Revenues Available for Debt Service” shall mean, for the period of time for which it is to be calculated, the following for any one or more Members or, as the context requires, the entire Obligated Group (but excluding payments from any Hedge counterparty described in the Master Indenture): the excess of (i) the Total Revenues over (ii) all Operation and Maintenance Expenses during the period under consideration. In the event that the fiscal year of any Member ends on a date other than the last day of a Fiscal Year, the Revenues Available for Debt Service of such Member for its entire fiscal year ending within any Fiscal Year under consideration shall be deemed to be its Revenues Available for Debt Service for such Fiscal Year.

“Sale Proceeds” means all amounts already or constructively received from the sale of any Series of the Bonds, including amounts used to pay underwriter’s discount or compensation.

“Scheduled Debt Service” shall mean Debt Service that consists of interest and principal due and payable without regard to unscheduled redemptions or accelerations.

“Senior Bond” shall mean any Bond secured by a Senior Obligation.

“Senior Debt Service Coverage Ratio” shall mean, for the period of time for which it is calculated for all Senior Obligations, the ratio determined by dividing (a) a numerator equal to the Revenues Available for Debt Service for such period by (b) a denominator equal to the sum of the Debt Service Requirements with respect to the Senior Obligations for such period, plus any amounts then required to be deposited in the Debt Service Reserve Funds to meet the Debt Service Reserve Requirement for all Bonds secured by such Senior Obligations.

“Senior Notes” shall mean a Note that is a Senior Obligation.

“Senior Obligations” shall mean an Obligation that is designated as “Senior” and is, therefore, secured by the superior liens and has the preferences as to payment and rights specified in the Master Indenture with respect to Senior Obligations as compared to those of Subordinate Obligations.

“Series” shall mean the series of Bonds relating to a particular Obligation.

“Special Limited Member” shall mean Transportation Infrastructure Properties, LLC, a Delaware limited liability company, as the special limited member pursuant to the Master Indenture.

“Special Redemption Account” shall mean the special segregated Account within the Debt Service Fund, established with the Master Trustee pursuant to the Master Indenture in accordance with the requirements of the Master Indenture.

“Special Senior Consent” shall mean, with respect to any action of the Master Trustee to be taken upon the direction or consent of the Holders of Subordinate Obligations, written consent of the Holders of a majority in aggregate principal amount Outstanding of the Senior Obligations, which may be obtained in respect of rights affecting the Subordinate Obligations alone.

“Standard & Poor’s” shall mean Standard & Poor’s Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc., and its successors and assigns.

“Subordinate Class A Bond” shall mean any Bond secured by a Subordinate Class A Obligation.

“Subordinate Class A Note” shall mean a Note that is a Subordinate Class A Obligation.

“Subordinate Class B Note” shall mean a Note that is a Subordinate Class B Obligation.

“Subordinate Class A Obligation” shall mean an Obligation that is designated as “Subordinate Class A” and, therefore, (i) is secured by liens specified in the Master Indenture which are subordinate to those of the Senior Obligations but superior to those of the Subordinate Class B Obligations and (ii) has the rights specified in the Master Indenture which are inferior and subordinate to the rights of the Senior Obligations but superior to the rights of the Subordinate Class B Obligations.

“Subordinate Class B Obligation” shall mean an Obligation that is designated as “Subordinate Class B” and, therefore, is secured by the subordinate liens and has the inferior and subordinate rights specified in the Master Indenture with respect to Subordinate Class B Obligations as compared to those of Senior Obligations and Subordinate Class A Obligations.

“Subordinate Note” shall mean a Note that is a Subordinate Obligation.

“Subordinate Obligation” shall mean an Obligation that is designated as “Subordinate” and is, therefore, secured by the subordinate liens and has the inferior and subordinate rights specified in the Master Indenture with respect to Subordinate Obligations as compared to those of Senior Obligations.

“Supplemental Indenture” shall mean an indenture supplemental to, and authorized and executed pursuant to the terms of the Master Indenture.

“Tax Exempt Bonds” shall mean any Series of Bonds, the interest on which is exempt from federal income tax under the Code.

“Tenant Improvement” shall mean any construction requested by subtenants to accommodate their particular work function or aesthetic needs over and above that which is provided within the base building envelope at any Member’s property.

“Tenant Improvement Fund” shall mean the Fund of such name established pursuant to the Master Indenture in accordance with the requirements of the Master Indenture.

“Total Revenues” shall mean, for any Fiscal Year (or other period), the sum of the following for any one or more of the Members or, as the context requires, of the entire Obligated Group:

(a) all amounts constituting operating revenues under generally accepted accounting principles, before deduction of operating expenses, including without limitation, gross lease rentals (but not security deposits of tenants), proceeds of business interruption insurance and interest earnings on the Funds and Accounts established under the Master Indenture, but after deduction of contractual allowances and discounts;

(b) all amounts constituting nonoperating revenues under generally accepted accounting principles, adjusted for the period in question to exclude all income on Qualified Escrows and all unrealized gains and losses on Investment Securities (taking into account and including any corresponding interest rate swap agreements), amortization of deferred rental revenue, amortization of purchase price allocated to above market tenant leases, amortization of purchase price allocated to below market tenant leases, straight-line amortization of tenant rental revenue;

(c) only for purposes of calculating the Debt Service Coverage Ratio under Section 6.4(a)(ii) of the Master Indenture, contributions to a Member by an Affiliate to be used for operations made within five (5) Business Days of the applicable test date for any fiscal quarter; and

(d) for the Obligated Group as a whole, Net Revenues from Additional Properties.

In the event that the fiscal year of any Member ends on a date other than the last day of a Fiscal Year, the Total Revenues of such Member during its fiscal year ending within any Fiscal Year under consideration shall be deemed to be its Total Revenues for such Fiscal Year. Any calculation for a shorter period shall make corresponding adjustments to take into account such differences in fiscal periods as necessary to permit such calculation.

“Trust Estate” shall have the meaning set forth in the Master Indenture.

“Variable Rate Indebtedness” shall mean any Indebtedness, the rate of interest on which is subject to change on a periodic basis prior to maturity; provided, however, that Indebtedness shall not be deemed to be Variable Rate Indebtedness if the rate of interest thereon is subject to change solely by reason of the occurrence of an event of default, the loss of any applicable exemption of such interest from income taxation or any other contingency which was not reasonably expected to occur at the time of incurrence of such Indebtedness.

“Yield” means yield as determined in accordance with Section 148 of the Code and Sections 1.148-1 through 1.148-10 of the Regulations.

Pledge and Security

To secure the performance and observance of all covenants and agreements under the Master Indenture, each of the Initial Members (and each additional Member upon becoming such shall) sell, assign, transfer, set over, pledge and grant a security interest in all of its respective right, title and interest in and to (a) the Funds and Accounts established under the Master Indenture (other than the Rebate Fund so long as the Rebate Fund is held to make Rebate Payments to the United States Treasury), including all moneys and investments therein and investment income derived from the investment thereof, (b) the Gross Revenues, (c) the Mortgages, all in favor of the Master Trustee, and (d) any and all other real or personal property of every name and nature concurrently therewith or from time to time thereafter by delivery or by writing of any nature conveyed, mortgaged, pledged, assigned or transferred as and for additional security thereunder, to have and to hold in trust for the equal and ratable benefit and security of all Obligations issued under the Master Indenture, including, without limitation, the Membership Interests Pledge and the TRIP’s Interest Pledge, without preference or priority of any one Obligation over any other Obligation (except (i) that each and every Senior Obligation shall have priority and preference over each and every Subordinate Obligation, (ii) that each and every Subordinate Class A Obligation shall have priority and preference over each and every Subordinate Class B Obligation and (iii) as otherwise specifically provided in the Master Indenture) (collectively, the “Trust Estate”).

Initial Obligations Under the Master Indenture

The initial series of Notes to be issued under the Master Indenture shall be listed in the First Supplemental Indenture delivered contemporaneously with the delivery of the Master Indenture. Each such series of Notes may be issued upon execution of the Master Indenture and of the First Supplemental Master Indenture. The Master Trustee shall authenticate and deliver each such Note at the direction of the Group Representative.

Additional Indebtedness - General Provisions

Except for the initial Notes or series of Notes issued pursuant to the Master Indenture, no Member shall be permitted to incur additional Indebtedness (whether through the creation of new Indebtedness, the assumption of existing Indebtedness or the guaranteeing of any new or existing Indebtedness), except Indebtedness incurred to purchase personal property secured by a purchase money security interest as permitted in the Master Indenture unless, as of the date of such incurrence, the Master Trustee shall have received the following:

(a) From each Member whose approval is required by its Organizational Documents and from the Group Representative, official actions of the Governing Person of such Member and of the Group Representative approving the incurrence of the Indebtedness and the purpose thereof.

(b) An Officer's Certificate (i) stating that the additional Indebtedness to be incurred will be sufficient (together with other specified sources, if any) to pay for the Project (or other item or purpose) to be financed (together with a copy of the new budget or amended operating budget for the Members for the then current year), (ii) stating that no Event of Default has occurred and is continuing, and the applicable requirements for the incurrence of the Indebtedness under the Master Indenture and under all Related Financing Documents then in effect have been satisfied, and (iii) in the case of any Indebtedness being issued to refund or refinance Indebtedness, (A) a certification to the effect that the proposed amount of Indebtedness will be sufficient to refinance the existing Indebtedness, (B) a certification to the effect that the Members have authorized the redemption of the Indebtedness to be refinanced, and (C) a copy of the form of notice of redemption with respect to any Bonds to be redeemed.

(c) An executed counterpart or certified copy of the Supplemental Indenture, any Related Mortgage or amendment to the same, which shall include, without limitation, provisions to establish or expand any Debt Service Reserve Fund required to meet the Debt Service Reserve Requirement but not established or to be established under the Related Financing Documents and all Related Financing Documents delivered in connection with the incurrence of the Indebtedness, together with a Confirmation of Rating with respect to all Senior Bonds and all Subordinate A Bonds then rated and a proof of rating from the Rating Agency then rating the Bonds of any new Bonds secured by a Senior Note.

(d) An opinion of Counsel to the effect that (i) the incurrence of the Indebtedness has been duly authorized by each Member whose approval is required, (ii) all applicable requirements for the incurrence of the Indebtedness under the Master Indenture and under the terms of any Related Financing Documents then in effect have been satisfied and (iii) all necessary approvals of all regulatory bodies having jurisdiction have been obtained with respect to the incurrence of the Indebtedness.

(e) If any construction (including renovations involving structural changes to the renovated building) is to be financed with the proceeds of the Indebtedness, (i) an Officer's Certificate, supported by a certificate or report of an Architectural Consultant (but only if one has been retained for the Project to be financed), to the effect that the signer is not aware of any facts or circumstances which would prevent the timely application for or receipt of all approvals

required to be obtained from any regulatory bodies regarding the construction to be financed, whether required to be obtained prior to the commencement of such construction, during the course thereof or upon completion thereof, and (ii) in the case of new construction (as opposed to renovation or rehabilitation of a building or structure), a true, complete and correct copy of the executed guaranteed maximum price construction contract for such construction.

(f) (i) Except as otherwise described in (g) below, and subject to the Master Indenture, an Officer's Certificate of the Group Representative with a detailed internal report demonstrating and concluding that (A), following incurrence of the contemplated Indebtedness, the Projected Senior Debt Service Coverage Ratio is projected or forecasted to be at least equal to 1.50 for each of the first three full Fiscal Years immediately following (x) the completion of any construction (including renovations) to be financed through the incurrence of the Indebtedness in question, or (y) the issuance of the Indebtedness in question, if no such construction is to be financed and (B) the Senior Debt Service Coverage Ratio during the last full Fiscal Year immediately prior to the incurrence of the Indebtedness in question was no less than 1.40. Notwithstanding the foregoing, if an historical ratio is required to be calculated pursuant to the Master Indenture during the first year following the issuance of the initial Obligations under the Master Indenture, such testing shall be based on an annualization of the period from such issuance until the date for which the coverage is to be computed.

(ii) Except as otherwise provided in the Master Indenture as described in subsection (g) below and subject to the Master Indenture, an Officer's Certificate of the Group Representative with a detailed internal report demonstrating and concluding that (A), following incurrence of the contemplated Indebtedness, the Projected Debt Service Coverage Ratio is projected or forecasted to be at least equal to 1.25 for each of the first three full Fiscal Years immediately following (x) the completion of any construction (including renovations) to be financed through the incurrence of the Indebtedness in question, or (y) the issuance of the Indebtedness in question, if no such construction is to be financed and (B) the Debt Service Coverage Ratio during the last full Fiscal Year immediately prior to the incurrence of the Indebtedness in question was no less than 1.25. Notwithstanding the foregoing, if an historical ratio is required to be calculated pursuant to the Master Indenture as described in this subsection during the first year following issuance of the initial Obligations under the Master Indenture, such testing shall be based on an annualization of the period from such issuance until the date for which the coverage is to be computed;

(g) The certificate described in paragraph (f) above shall not be required:

(i) in the case of Indebtedness incurred to complete any construction (including renovations) for which other Indebtedness has previously been incurred in compliance (A) with the provisions of the Master Indenture described in paragraph (f) above, if the Master Trustee receives an Officer's Certificate to the effect that the construction to be completed is of substantially the same type and scope as was contemplated at the time of the previous incurrence, (B) the cost of completion of the subject Project or other property does not exceed 10% of the principal amount of Indebtedness originally issued to finance such Project, and (C) the proceeds of the Indebtedness to be incurred and other available moneys are sufficient to pay the estimated cost of completing such construction; provided that the foregoing Officer's

Certificate shall not be accepted in lieu of the requirements described in paragraph (f) above if additional financings were contemplated at the time of the previous incurrence as described in paragraph (b) above; or

(ii) in the case of Indebtedness incurred for the purpose of refinancing, repurchasing or refunding other Indebtedness, if the Master Trustee receives (A) an official action of the Governing Person of the applicable Member, finding that such refinancing, repurchasing or refunding is in the best interests of the applicable Member and (B) an Officer's Certificate from the Group Representative demonstrating and concluding that, after giving effect to the issuance of such Indebtedness and the application of the proceeds thereof, the Maximum Annual Debt Service Requirements on all Indebtedness will not exceed the Maximum Annual Debt Service Requirements on all Indebtedness prior to such refinancing, repurchasing or refunding by more than 10%; or

(iii) in the case of the issuance of a Credit Facility in support of any Indebtedness which is properly incurred under the Master Indenture or in the case of any drawing under such a Credit Facility to pay amounts due under the Indebtedness supported thereby; or

(iv) in the case of any conversion of Variable Rate Indebtedness to bear interest at a fixed rate or rates or to bear interest at variable rates determined at different intervals or on the basis of a different methodology.

(h) Unless a certificate of the Group Representative is delivered to the Master Trustee together with appraisals or a valuation report showing that the value of all Mortgaged Properties and all Projects that are subject to a mortgage or deed of trust in favor of the Master Trustee, equals or exceeds the Indebtedness secured thereby, the Master Trustee shall receive a mortgage on some or all of the property to be financed in excess of the Outstanding amount of the Indebtedness thereunder.

(i) The Related Ground Lease and each subtenant lease shall meet the requirements set forth on Schedule C to the Master Indenture.

Interest Rate Swaps

For Indebtedness with respect to which a Member has entered into a Hedge, the interest on such Indebtedness in any period during which such Hedge is in effect shall be equal to (i) the amount of interest payable by such Member on such Indebtedness at the rate borne by such Indebtedness in accordance with its terms, plus (ii) the amount of interest payable by such Member under such Hedge at the rate stated in the Hedge, minus (iii) the amount of interest payable by such counterparty under such Hedge at the rate stated in such Hedge. The obligations of the Obligated Group under a Hedge may, at the option of the Member entering into such Hedge, be secured by a Note of a specified principal amount; provided, however, that if an Obligation is to be issued in a form other than a Note, the Supplemental Indenture for such Obligation shall include the special provisions (if any) required for issuance of such Obligation.

Security for Obligations

Obligations issued or incurred under the Master Indenture shall be secured by such liens, security interests or other similar rights and interests (hereinafter collectively referred as to as “liens”) as are set forth in the Master Indenture and described below:

(i) Obligations shall be secured by the Trust Estate, including a first, second or third lien on Gross Revenues, the first, second or third liens created by the Mortgages and the first, second or third liens created by the Master Indenture. Only Senior Obligations may be secured by a first lien. Only Subordinate Class A Obligations may be secured by a second lien. Only Subordinate Class B Obligations may be secured by a third lien.

(ii) Upon payment or defeasance in full of any Obligation in accordance with the Master Indenture, any liens granted by a Member to secure such Obligation under the Master Indenture, shall, at the written request of the Group Representative, be released (to the extent of security for such Obligation only) by the Master Trustee, which shall reconvey or reassign to such Member, or terminate, as applicable, any corresponding security documents; provided, however, that a Member’s pledge of Gross Revenues shall be released only as provided in the Master Indenture.

Ground Lease Warranties from Special Limited Member

Notwithstanding anything in the Master Indenture to the contrary, nothing therein shall be understood to prohibit or condition the delivery by the Special Limited Member of an unsecured guarantee to a ground lessor under a Ground Lease of a Member, guaranteeing the obligations of such Member under its Related Ground Lease.

Redemption of Notes

Notes of each series shall be subject to optional, extraordinary optional, mandatory sinking fund or extraordinary mandatory redemption in whole or in part as provided in the Master Indenture, the Notes and the applicable Supplemental Indenture. Notice of any redemption of Notes shall be given in such manner and at such time as may be specified in the Notes to be redeemed or the Supplemental Indenture applicable thereto.

Prepayment of Other Obligations

Obligations (if any) which are not evidenced by a Note shall be subject to prepayment and be prepaid as provided in the applicable Supplemental Indenture and the Obligation itself.

Obligations Created Under the Master Indenture

The Master Indenture and the Obligations created under the Master Indenture are the joint and several general obligations of each Member and the full faith and credit of each Member is pledged for the payment of all sums due or to become due under the Master Indenture or under any Obligation. To secure the performance of such Obligations, the Members sell, assign, transfer, set over and pledge unto the Master Trustee and grant a security interest in and to all the Funds and Accounts established under the Master Indenture (other than the Rebate

Fund to the extent noted above), including all moneys and investments therein and all income derived from the investment thereof, and the Gross Revenues and grant the Mortgages, to have and to hold in trust for the benefit of the Holders from time to time of all Obligations issued and Outstanding under the Master Indenture, without preference or priority of any one Obligation over any other Obligation except (i) that each and every Senior Obligation shall have a preference and priority over each and every Subordinate Obligation, (ii) that each and every Subordinate Class A Obligation shall have priority and preference over each and every Subordinate Class B Obligation, and (iii) as otherwise expressly provided in the Master Indenture. In addition, the Special Limited Member has executed and delivered to the Master Trustee, the Membership Interest Pledge.

Establishment of Funds and Accounts

The Master Trustee is directed in the Master Indenture to maintain a Revenue Fund and the other Funds and Accounts described below. The Members shall transfer all Gross Revenues (other than amounts needed to pay Ground Lease rental payments within the then current month) on hand when such Member joins the Obligated Group to the Master Trustee for deposit to the appropriate account in the Revenue Fund, and shall transfer all Gross Revenues (other than Gross Revenues in the amount needed to make in the aggregate the next monthly payment, or (in the case of Ground Lease rental payments due less frequently than monthly) 1/12th of the amount coming due in the next year, for each Ground Lease) received thereafter, immediately upon receipt (but in any event within five (5) days of receipt) thereof, to the Master Trustee for deposit to the appropriate account of the Revenue Fund if so requested to do so by the Group Representative. The Master Trustee establishes in the Master Indenture in addition to the Revenue Fund, the following Funds: the Current Operations Fund, the Tenant Improvement Fund, the Debt Service Fund, the Maintenance Reserve Fund, the Facility Surplus Fund, the Rebate Fund and the Renewal Fund. The Revenue Fund shall include a General Account, a Prepaid Rent Account. The Debt Service Fund shall consist of a Payment Account and a Special Redemption Account. The Master Trustee shall establish separate accounts or subaccounts within each named Fund or Account for each Member.

Revenue Fund

On or before the fifteenth (15th) day of each month or, if such fifteenth day is not a Business Day, the next Business Day, the Master Trustee shall withdraw and pay or transfer from the amounts on deposit in the General Account of the Revenue Fund (except as otherwise noted, without regard to which Member provided which revenues), after redelivering to the Members any amounts needed to pay rent on Ground Leases then due and owing, the following amounts in the order of priority indicated:

- (i) pay to the Master Trustee and each Bond Trustee amounts equal to all fees or expenses which are then due and payable to such Person;
- (ii) transfer to the Rebate Fund the amount necessary to make up any established deficiency in any account of the Rebate Fund;

(iii) transfer to the appropriate account in the Current Operations Fund, an amount equal to the Operation and Maintenance Expenses (not designated by the Group Representative to be paid from the Maintenance Reserve Fund) for each Member for the current month as requested by the Group Representative (less amounts set aside to pay Ground Lease rental payments due that month or (in the case of Ground Lease rentals due less frequently than monthly) $1/12^{\text{th}}$ of the amount coming due in the next year which are held by or have been paid directly by the Members); *provided, however*, that the Master Trustee (1) shall not in any month deposit to the Current Operations Fund an amount to pay Operation and Maintenance Expenses of the Members which is reasonably expected to cause the projected annual Operation and Maintenance Expenses for the Members of the Obligated Group to exceed the Budgeted Operation and Maintenance Amount as set forth in the annual budget (as delivered pursuant to the Master Indenture) for the then current Fiscal Year by more than 10%; and (2) shall not pay Operation and Maintenance Expenses for the Members which exceed budgeted monthly Operation and Maintenance Expenses as approved in such budget for such month by more than 20%, unless the Group Representative certifies that such costs are consistent with normal operations and maintenance requirements;

(iv) transfer to the Debt Service Fund, an amount sufficient to make all Required Monthly Deposits and to remedy any prior deficiencies relating to previously Required Monthly Deposits not being made in full, with respect to the Senior Obligations. Amounts deposited pursuant to the Master Indenture as described in this clause shall be credited first against any previously due and unpaid Required Monthly Deposit with respect to the Senior Obligations, in order of past due date;

(v) transfer to the appropriate account of the Debt Service Reserve Funds established under the Related Financing Documents for each Series of Senior Bonds (or under the Master Indenture or under any Supplemental Indenture), an amount sufficient to make the balance in each such Debt Service Reserve Fund equal the Debt Service Reserve Requirement therefor;

(vi) transfer to the Debt Service Fund, an amount sufficient to make all Required Monthly Deposits and to remedy any prior deficiencies relating to previously Required Monthly Deposits not being made in full with respect to the Subordinate Class A Obligations. Amounts deposited as described in this clause shall be credited first against any previously due and unpaid Required Monthly Deposit with respect to the Subordinate Class A Obligations in order of past due date;

(vii) transfer to the appropriate account of the Debt Service Reserve Funds established under the Related Financing Documents for each Series of Subordinate Class A Bonds (under the Master Indenture or under any Supplemental Indenture), an amount sufficient to make the balance in each such Debt Service Reserve Fund equal to the Debt Service Reserve Requirement therefor;

(viii) (A) transfer to the Maintenance Reserve Fund an amount equal to $1/12^{\text{th}}$ of the Annual Maintenance Reserve Fund Deposit and (B) transfer to the appropriate account of the Tenant Improvement Fund the amount required to fund $1/24^{\text{th}}$

of the Current Estimated Tenant Improvement Requirement, unless the amounts in the Tenant Improvement Fund equal or exceed the Current Estimated Tenant Improvement Requirement;

(ix) reserved;

(x) transfer to the Debt Service Fund, an amount sufficient to make all Required Monthly Deposits and to remedy any prior deficiencies relating to previously Required Monthly Deposits not made in full, with respect to Subordinate Class B Obligations. Amounts deposited pursuant to Master Indenture as described in this clause shall be credited first against any previously due and unpaid Required Monthly Deposit with respect to the Subordinate Class B Obligations in order of past due date; and

(xi) pay to the Facility Surplus Fund, the balance, if any, of such moneys after making the payments or deposits required under clauses (i) through (x) above.

Upon acceleration of the principal of all Senior Obligations or all Obligations pursuant to the Master Indenture, the Master Trustee shall immediately transfer all amounts in the Revenue Fund to the Debt Service Fund.

Upon the occurrence of an Event of Default under the Master Indenture, the Master Trustee may, and shall, upon direction of the Holders of a majority in aggregate principal amount Outstanding of the Senior Obligations, or if no Senior Obligations remain Outstanding, the Subordinate Class A Obligations, make some or all of the transfers described in (iv) or (vi) above prior to make the transfer described in (iii) above.

To the extent of the amounts remaining in the General Account on or before the fifteenth (15th) day of each month (or if such fifteenth day is not a Business Day, the next Business Day) following the transfers described in (i) to (vii) above, such excess amounts shall be transferred first, to the Current Operations Fund to the extent required to make the amount therein equal the Budgeted Operation and Maintenance Amount of all Members (to the extent not designated by the Group Representative to be paid from the Maintenance Reserve Fund) for the next six months (counting the current month as one of the months), second, subject to the Master Indenture, the Payment Account to the extent required to make the amount therein equal to the total of the Scheduled Debt Service with respect to the Senior Obligations and the Subordinate Class A Obligations coming due (and not yet paid or transferred to the Bond Trustees) on or before the next January 1 or July 1, whichever comes first (and counting as due on each such date at least half of the annual principal and sinking fund payments due on all Bonds), third, in accordance with the Master Indenture as described in (viii) to (xi) above.

Amounts in the Prepaid Rent Account shall be transferred as the sublease rent to which they relate comes due under the related sublease (i) as needed to pay Ground Lease rentals and then (ii) to the General Account of the Revenue Fund. In addition, any monies deposited into the Prepaid Rent Account shall be applied (prior to application of the Facility Surplus Fund) to pay Ground Lease rentals to the extent other amounts are unavailable or cure any deficiency in any of the scheduled payments or deposits required to be made pursuant to the Master Indenture as

described in (i), (ii), (iv), (v), (vi) or (vii) above, (but not including transfers required under the Master Indenture described in the preceding paragraph) and, upon the acceleration of the principal of all Senior Obligations, all Subordinate Class A Obligations or all Obligations Outstanding, the Master Trustee shall transfer all amounts in the Prepaid Rent Account to the Payment Account of the Debt Service Fund.

Current Operations Fund; Tenant Improvement Fund

The Master Trustee shall deposit into each Member's Account in the Current Operations Fund the amounts required by the Master Indenture. The Group Representative may withdraw amounts from any of the Accounts within the Current Operations Fund to pay Operation and Maintenance Expenses then due and payable for any Member. Following all transfers and deposits required to be made on or before the fifteenth day of the month pursuant to the Master Indenture, any amounts held in the Current Operations Fund in excess of amounts reasonably required to meet budgeted expenses permitted and expected to be paid therefrom in the next six months shall be transferred to the Facility Surplus Fund and applied or released in accordance with the Master Indenture.

The Master Trustee shall deposit into each Member's Account in the Tenant Improvement Fund the amounts required pursuant to the Master Indenture. The Group Representative may withdraw amounts from any of the Accounts within the Tenant Improvement Fund to pay for Tenant Improvements then due and payable for any Member.

Following all transfers and deposits required to be made on or before the fifteenth day of the month pursuant to the Master Indenture as described in the (i) through (xi) of the above section "Revenue Fund," any amounts held in the Tenant Improvement Fund in excess of the Current Estimated Tenant Improvement Requirement shall be transferred to the Facility Surplus Fund and applied or released in accordance with the Master Indenture; in addition, any amounts in excess of amounts reasonably required to meet budgeted tenant improvement expenses permitted to be paid therefrom within the two months following such fifteenth day of the month, may be transferred for the payment of Debt Service in accordance with the provisions set forth in the Master Indenture if insufficient moneys therefor are available in the Debt Service Fund.

Debt Service Fund

There shall be deposited into the Payment Account of the Debt Service Fund all amounts required to be deposited therein from the Revenue Fund and any other amounts paid to or recovered by the Master Trustee for deposit in the Debt Service Fund which are not specifically required to be credited to another Account in the Debt Service Fund. Payment of Debt Service when due shall be made from amounts credited to or held in the Payment Account. Except as otherwise provided in the Master Indenture, moneys deposited in the Debt Service Fund shall be used solely for the payment of Debt Service, as the same shall become due and payable at maturity (including accelerated maturity), upon redemption or otherwise.

All amounts (other than amounts transferred to the Special Redemption Account from the Renewal Fund or credited to the Special Redemption Account in accordance with the Master Indenture) deposited into the Debt Service Fund shall be applied by the Master Trustee (without

regard to source of revenues) to the payment of principal or redemption or prepayment price of and interest on all Obligations in accordance with their respective terms in the following order of priority (and in accordance with the priorities set forth in the Master Indenture): first, subject to the provisions of the Master Indenture, to payment of all Debt Service due and payable with respect to Senior Obligations without priority or preference, second, to payment of all Debt Service due and payable with respect to Subordinate Class A Obligations without preference or priority; and, third, (except as otherwise provided in the Master Indenture) to the payment of all Debt Service due and payable with respect to Subordinate Class B Obligations without priority or preference. Pending such application, all moneys and investments in the Debt Service Fund shall be held for the equal and ratable benefit of all Obligations issued and Outstanding under the Master Indenture; provided that each and every Senior Obligation issued and Outstanding under the Master Indenture shall have priority and preference over each and every Subordinate Obligation and each and every Subordinate Class A Obligation shall have priority and preference over each and every Subordinate Class B Obligation.

Any amount transferred to the Debt Service Fund from the Renewal Fund for redemption of Obligations, or held by a Bond Trustee in the redemption account established under the applicable Related Financing Documents as excess Proceeds following completion of construction or renovation or otherwise in excess of the amounts required to complete the Project to be financed by the applicable Bonds, shall be credited (but amounts held by a Bond Trustee need not be actually transferred) to the subaccount of the Special Redemption Account for the Member that owns the Project in question, to be used solely for the purpose of redeeming the Obligations related to such Bonds, in an amount equal in principal amount to the amount of Bonds to be redeemed, on the earliest date such Obligations are permitted under the Master Indenture to be redeemed without premium.

Except as otherwise specifically provided in the Master Indenture or in any Supplemental Indenture, amounts held in the Debt Service Fund may be applied to the optional prepayment of Obligations which are then optionally prepayable at the election of the Members as indicated to the Master Trustee in writing by the Group Representative. To the extent not otherwise specifically provided in the Master Indenture or in any Supplemental Indenture, any optional prepayment of Obligations shall be pro rata (or as close to pro rata as practicable) among all Obligations Outstanding unless (i) the Group Representative certifies to the Master Trustee that such distribution is not in accordance with federal tax law or other applicable restrictions or (ii) the Group Representative delivers a Confirmation of Rating and certifies that the Debt Service Coverage Ratio and the Senior Debt Service Coverage Ratio following such prepayment will be at least equal to the then current Debt Service Coverage Ratio and Senior Debt Service Coverage Ratio, respectively.

To the extent of amounts available in a Member's subaccount within the Payment Account, the Member may elect to use such amounts to purchase Bonds as permitted by the applicable PFA Indenture.

Except as otherwise provided in the Master Indenture with respect to excess or unclaimed amounts, the amounts in the Debt Service Fund shall be used solely for the payment of Debt Service, and during the continuance of an Event of Default, payment of the fees and expenses of

the Master Trustee and each Bond Trustee, in accordance with the provisions of the Master Indenture.

As of any interest payment date with respect to the Bonds secured by a Subordinate Class B Note, Debt Service shall be paid for such interest payment date with respect to the Subordinate Class B Obligations (except as provided in the Master Indenture) only if the Trustee has received a Qualified Distribution Notice and, if the Trustee has not received a Qualified Distribution Notice, any amounts that would have been used for such purpose shall remain in the Debt Service Fund to be applied as otherwise provided in the Master Indenture as described above. The amounts not paid on any Subordinate Class B Obligation as described in this subsection shall remain due and owing, and the principal amount of such Obligation shall not be reduced and shall continue to bear interest in accordance with the terms of such Obligation until paid.

Maintenance Reserve Fund

Any moneys deposited into the Maintenance Reserve Fund pursuant to the Master Indenture shall be disbursed and expended by the Master Trustee solely for the payment of (i) Debt Service in accordance with the priorities set forth in the Master Indenture if insufficient moneys therefor are available in the Debt Service Fund, and (ii) (A) Maintenance Expenses and Capital Costs designated by the Group Representative to be paid from the Maintenance Reserve Fund; and (B) provided that no Event of Default exists under the Master Indenture, other Maintenance Expenses, at the written request of the Group Representative if amounts in the Current Operations Fund are insufficient or not permitted to be used (i.e. for capitalizable repairs) to pay such Maintenance Expenses. In the event that the balance of the moneys in the Debt Service Fund is insufficient to pay Debt Service when due and payable, and prior to any transfers for such purposes from the Debt Service Reserve Fund, moneys in the Maintenance Reserve Fund shall be transferred by the Master Trustee to the Debt Service Fund for credit to the Payment Account in an amount sufficient to make up such deficiency. Moneys in the Maintenance Reserve Fund may also be used to pay the last Debt Service becoming due. The Group Representative and the Members may withdraw amounts to pay Maintenance Expenses as provided in the Master Indenture only to the extent the Group Representative certifies to the Master Trustee that such expenditures qualify as Maintenance Expenses.

Upon the acceleration of the principal of all Senior Obligations, all Subordinate Class A Obligations or all Obligations Outstanding pursuant to the Master Indenture, the Master Trustee shall transfer all amounts in the Maintenance Reserve Fund to the Payment Account of the Debt Service Fund.

Facility Surplus Fund

Any moneys deposited into the Facility Surplus Fund shall be applied to cure any deficiency in any of the scheduled payments or deposits required to be made pursuant to the Master Indenture and, upon the acceleration of the principal of all Senior Obligations, all Subordinate Class A Obligations or all Obligations Outstanding pursuant to the Master Indenture, the Master Trustee shall transfer all amounts in the Facility Surplus Fund to the Payment Account of the Debt Service Fund.

To the extent amounts are not available to pay Maintenance Expenses as provided in the Master Indenture and upon the written request of the Group Representative (accompanied by a Maintenance Expense Certification), the Master Trustee shall cause such amounts to be paid from the Facility Surplus Fund to the extent not paid from the Current Operations Fund. To the extent amounts in the Rebate Fund are not sufficient to make any required payment to the United States Treasury on a timely basis, the Master Trustee shall cause amounts to be transferred from the Facility Surplus Fund to the Rebate Fund. To the extent amounts retained by a Member to make rental payments under the Related Ground Lease are insufficient for such purpose and amounts in either Account of the Revenue Fund are also not sufficient, amounts in the Facility Surplus Fund may be used for such purpose.

Rebate Fund

The Master Trustee shall deposit or transfer to the credit of the appropriate Member Account of the Rebate Fund each amount delivered to the Master Trustee by the Members or by the applicable Bond Trustee for deposit thereto and each amount directed by the Group Representative to be transferred thereto or transferred thereto pursuant to the Master Indenture.

Within 60 days after each Computation Date, the Master Trustee shall withdraw from the applicable Member Account of the Rebate Fund and pay to the United States the Rebate Payment required in connection with such Computation Date.

Renewal Fund

Except as otherwise provided in the Master Indenture, the proceeds of any insurance (other than business interruption insurance) or condemnation award which are required to be paid to the Master Trustee pursuant to the Master Indenture and to the Related Financing Documents shall be deposited into the Renewal Fund. Amounts on deposit in the Renewal Fund shall be (i) disbursed from time to time by the Master Trustee in accordance with the Master Indenture to pay for the cost of constructing or acquiring replacement facilities for any Project or Mortgaged Property or repairing any Project or Mortgaged Property to which such proceeds relate, or (ii) transferred to the Debt Service Fund to be used in connection with a prepayment of Obligations to the extent permitted or for payment of Debt Service.

Quarterly Balances; Final Balances

So long as there is no Event of Default continuing under the Master Indenture, all moneys in the Facility Surplus Fund not required to be transferred to any other Fund in accordance therewith shall be remitted promptly to (or upon the direction of) the Group Representative. In addition, upon final payment of all principal and interest on the Obligations, and upon satisfaction of all claims against the Obligated Group under the Master Indenture and under the Related Financing Documents, including the payment of all fees, charges and expenses of the Master Trustee that are properly due and payable under the Master Indenture, or upon the making of adequate provision for the payment of such amounts as permitted in the Master Indenture, and upon payment and performance of all other obligations of the Member or Members under the Related Financing Documents (the "Final Release Conditions"), all moneys

remaining in all Accounts of the Revenue Fund, the Debt Service Fund, the Current Operations Fund and the Facility Surplus Fund shall be remitted as directed by the Group Representative.

Payment of Principal, Premium, Interest and Other Amounts

Each Member will be jointly and severally liable for the payment of, and will duly and punctually pay, the principal of, premium, if any, and interest on all Obligations issued under the Master Indenture, and any other payments required by the terms of such Obligations, on the dates, at the times and at the place and in the manner provided in such Obligations, the applicable Supplemental Indenture and the Master Indenture when and as the same become payable, whether at maturity, upon call for redemption, by acceleration of maturity or otherwise, according to the true intent and meaning of the Master Indenture.

Representations of Members

Due Authorization of Master Indenture and Obligations. Each Member represents in the Master Indenture that: (a) it is duly authorized under the laws of the jurisdiction under which it is organized and under all other applicable provisions of law to execute and deliver the Master Indenture and to provide for the creation and issuance of Obligations under the Master Indenture as permitted by the Master Indenture; and (b) all internal official action on the part of each Member required by its Organizational Documents and by the laws of the jurisdiction under which it is organized for the execution, delivery and performance of the Master Indenture has been taken and, prior to the creation and issuance of each Obligation under the Master Indenture, all similar internal official action required for the creation and issuance of each Obligation will have been duly and effectively taken by the Member thereof.

No Defaults; Noncontravention. Each Member represents that no event of default by it or event which, with notice or lapse of time or both, would constitute an event of default by it or a default by it under any agreement or instrument to which the Member is a party or by which the Member is or may be bound or to which any of the property or assets of the Member is or may be subject, and which would have a Material Adverse Effect on the Member or which would impair its ability to carry out its obligations under the Master Indenture, under the Related Financing Documents, the Related Mortgage or under the Related Ground Lease, has occurred and is continuing; neither the execution nor the delivery by the Member of the Master Indenture or the Related Financing Documents to which it is party, nor the consummation of any of the transactions in the Master Indenture and therein contemplated nor the fulfillment of, or compliance with, the terms and provisions of the Master Indenture or thereof, will contravene the Organizational Documents of the Member or will conflict with, in any way which is material to the Member, or result in a breach of, any of the terms, conditions or provisions of, or constitute a default under, any corporate, limited liability company or limited partnership restriction or any bond, debenture, note, mortgage, indenture, agreement or other instrument to which the Member is a party or by which the Member is or may be bound or to which any of the property or assets of the Member is or may be subject, or any law or any order, rule or regulation applicable as of the date of the Master Indenture to the Member of any court, or regulatory body, administrative agency or other governmental body having jurisdiction over the Member or its properties or operations, or will result in the creation or imposition of a prohibited lien, charge or other security interest or encumbrance of any nature upon any property or asset of the Member under

the terms of any such restriction, bond, debenture, note, mortgage, indenture, agreement, instrument, law, order, rule or regulation.

No Litigation. Each Member represents that, except as disclosed in writing in connection with the offering of the Bonds secured by the initial Obligations, there is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or threatened, wherein an adverse decision, ruling or finding (i) would result in any Material Adverse Effect on the condition (financial or otherwise), results of operations, business or prospects of the Member or which would materially and adversely affect the properties of the Member and which has not been disclosed to the Master Trustee and the issuer or the initial purchaser of the Bonds or (ii) would materially and adversely affect the transactions contemplated by, or the validity or enforceability of, the Related Financing Documents.

Covenants as to Existence, Maintenance of Properties, Etc.

Under the Master Indenture, each Member covenants that it shall:

Preservation of Existence. except as otherwise permitted by the Master Indenture, preserve its formal legal existence and all its rights and licenses to the extent necessary or desirable in the operation of its business affairs and be qualified to do business in each jurisdiction where its ownership of property or the conduct of its business requires such qualification; provided, however, that nothing contained in the Master Indenture shall be construed to obligate it to retain or preserve any of its rights or licenses no longer used or, in the judgment of its Governing Person, useful and desirable in the conduct of its business;

Maintenance of Property. at all times cause its business to be carried on and conducted in an efficient manner and its properties to be maintained, preserved and kept in good repair, working order and condition and all needful and proper repairs, renewals and replacements thereof to be made; provided, however, that nothing contained in the Master Indenture shall be construed to obligate it to preserve, repair, renew or replace any personal property, leases on personalty, rights, privileges or licenses no longer used or, in the reasonable judgment of its Governing Person, useful and desirable in the conduct of its business;

Compliance with Laws.

(i) operate or cause each of its Projects and Mortgaged Properties to be operated as airport facilities qualifying under Section 142(a)(1) of the Code (but only to the extent required by the Related Financing Documents) and in compliance with the applicable Ground Lease, which facilities may include functionally related and subordinate uses, and maintain all certifications and licenses required for such use;

(ii) comply in good faith with all laws, ordinances and regulations, including without limitation all licensure, building, zoning, safety and environmental laws, which thereafter in any manner may affect its Projects or Mortgaged Properties or the use or operation thereof; and have the right in good faith to contest or appeal from such laws, ordinances and regulations any decision adverse to the Member based thereon by appropriate proceedings diligently conducted, but all costs, fees and expenses incurred in connection with such proceedings shall be borne by the Member and *provided that*

during such contest or appeal the Member complies therewith unless enforcement is stayed;

(iii) not engage in any business other than the operation and leasing of its Projects and Mortgaged Properties as airport facilities in accordance with clause (i) above (and activities incidental thereto, including, without limitation, rental of space at its Projects and Mortgaged Properties to appropriately licensed service providers and airline service providers);

Payment of Taxes.

(i) (A) prior to the date on which any interest or penalties shall commence to accrue thereon, cause to be paid and discharged all taxes (including but not limited to ad valorem taxes), assessments, water and sewer rents and charges and all license or permit fees, levies, and governmental charges, payments in lieu of any of the foregoing, general or special, ordinary or extraordinary, foreseen or unforeseen, of any kind and nature whatsoever, which are or may have been, or may thereafter be, charged, assessed, levied, or imposed upon or against the Member's Projects and Mortgaged Properties, or any part thereof, by any lawful authority, or which may become a lien thereon and (B) not suffer, and promptly cause to be paid and discharged, any lien or charge whatsoever which by any present or future law may be or become superior, or on a parity with or junior to, either in lien or in distribution out of the proceeds of any judicial sale, the lien of the Mortgages or the lien on the Gross Revenues of the Member created under the Master Indenture and (C) cause to be paid, when due, all charges for utilities whether public or private;

(ii) notwithstanding the provisions described in (i) above, the Member may in good faith contest, by proper legal proceedings, the validity or amount of any such tax or charge, and may permit such tax or charge to remain unpaid during the period of such contest, provided (i) no Event of Default, or event or condition which, with the giving of notice or the passage of time or both, would constitute an Event of Default, has occurred and is continuing; (ii) the Member maintains and prosecutes with diligence such contest; (iii) the Member shall pay such contested tax or charge and all costs and penalties, if any, and shall deliver to the Master Trustee evidence acceptable to the Master Trustee of such payment promptly if such contest is terminated or determined adversely to the Member, and in any event prior to the date any portion of the Member's Projects or Mortgaged Properties may be sold or otherwise transferred because of non-payment of the tax or charge; and (iv) the Member shall deposit with the Master Trustee during such contest cash or a surety bond in the amount of such unpaid tax or charge plus interest and penalties anticipated to accrue thereon in amounts reasonably satisfactory to the Master Trustee which, notwithstanding any provision of the Master Indenture to the contrary, the Master Trustee may use, and shall use at the written direction of the Majority Applicable Holders to pay the same prior to the date any portion of the Member's Projects or Mortgaged Properties may be sold or otherwise transferred because of non-payment of the tax or charge;

Payment of Other Debt.

(i) promptly pay or otherwise satisfy and discharge all of its obligations and indebtedness and all demands and claims (any such obligation, indebtedness, demands and claims being “Claims”) against it as and when the same become due and payable, other than any thereof (exclusive of the Obligations issued and Outstanding under the Master Indenture) whose validity, amount or collectability is being contested in good faith by appropriate proceedings as described below;

(ii) notwithstanding the provisions described in (i) above, the Member may in good faith contest, by proper legal proceedings, the validity or amount of any such Claim as permitted in the provisions described in (i) above, and may permit such Claim to remain unpaid during the period of such contest, provided (A) no Event of Default, or event or condition which, with the giving of notice or the passage of time or both, would constitute an Event of Default, has occurred and is continuing; (B) the Member maintains and prosecutes with diligence such contest; (C) the Member shall pay such contested Claim and all costs and penalties, if any, and shall deliver to the Master Trustee evidence acceptable to the Master Trustee of such payment promptly if such contest is terminated or determined adversely to the Member, and in any event prior to the date any portion of the Member’s Projects or Mortgaged Properties may be sold or otherwise transferred because of non-payment of the Claim; and (D) the Member shall deposit with the Master Trustee during such contest cash or a surety bond in the amount of such unpaid Claim plus interest and penalties anticipated to accrue thereon in amounts reasonably satisfactory to the Master Trustee which, notwithstanding any provisions of the Master Indenture to the contrary, the Master Trustee may use, and shall use at the written direction of the Majority Applicable Holders to pay the same prior to the date any portion of the Member’s Projects or Mortgaged Properties may be sold or otherwise transferred because of non-payment of the Claim;

Compliance with Security Documents. at all times comply with all terms, covenants and provisions contained in any lien or security interest at such time existing upon its properties or any part thereof or securing any of its Indebtedness and pay or cause to be paid, or to be renewed, refunded or extended, by it, all of its Indebtedness secured by a lien or security interest, as and when the same shall become due and payable.

Special Purpose Entity/Separateness. Until the Bonds have been indefeasibly paid in full, each Member hereby represents, warrants and covenants that:

(i) unless it is the Special Limited Member, it should be and shall continue to be a Limited Special Purpose Entity;

(ii) the representations, warranties and covenants described in this Section shall survive for so long as any of the Bonds remain outstanding;

(iii) the factual assumptions made in the non consolidation opinion delivered in connection with the initial Obligations (the “Insolvency Opinion”), including, but not limited to, any exhibits attached thereto, are true and correct in all respects and any assumptions made in any subsequent non consolidation opinion required to be delivered in connection with the Master

Indenture (an “Additional Insolvency Opinion”), including, but not limited to, any exhibits attached thereto, will have been and shall be true and correct in all respects. Member has complied and will comply with, all of the assumptions made with respect to Member in the Insolvency Opinion. Member will have complied and will comply with all of the assumptions made with respect to Member in any Additional Insolvency Opinion. Each entity other than Member with respect to which an assumption shall be made in any Additional Insolvency Opinion will have complied and will comply with all of the assumptions made with respect to it in any Additional Insolvency Opinion.

Rate Covenant

Debt Service Coverage Ratio. The Members of the Obligated Group shall use all commercially reasonable efforts to jointly maintain a Debt Service Coverage Ratio of at least 1.25 for each applicable test period specified in the Master Indenture and described below; provided, however, that notwithstanding any other provision of the Master Indenture, the failure of the Members of the Obligated Group to maintain a Debt Service Coverage Ratio as required by the Master Indenture shall not be deemed to constitute an Event of Default under the Master Indenture, so long as (i) the Obligated Group takes all commercially reasonable action to comply with the procedures set forth in the Master Indenture for preparing and implementing a report for correcting such deficiency, and (ii) if the Debt Service Coverage Ratio tested in accordance with the Master Indenture, as of the end of any fiscal quarter is less than 1.0, the owners of the Members shall have made contributions to the Members or otherwise caused the Debt Service Coverage Ratio to be at least 1.0 within five Business Days of the applicable test date, as evidenced by a new Officer’s Certificate of the Group Representative.

Testing Compliance. In order to measure compliance with the covenant set forth in the Master Indenture, the Debt Service Coverage Ratio shall be calculated (and certified as calculated) in accordance with the requirements of the definition thereof, by the Group Representative and reported in accordance with the Master Indenture: (i) quarterly (as of the end of each quarter of the Fiscal Year) for the twelve-month period ending on the last day of such quarter; provided, however, that in the first year following issuance of the initial Obligations under the Master Indenture, such testing shall be based on an annualization of the period from such issuance until the date for which the test is to be computed; each quarterly testing shall be performed within forty-five (45) days of the end of the applicable quarter and shall be based upon the quarterly unaudited financial reports for the immediately preceding four quarters required by the Master Indenture, and (ii) annually (as of the end of each Fiscal Year) for such Fiscal Year; each annual testing shall be performed within 100 days of the end of the Fiscal Year on the basis of the annual financial statements of the Members for such Fiscal Year required to be delivered to the Master Trustee pursuant to the Master Indenture.

Failure to Maintain Debt Service Coverage Ratio. If the actual Debt Service Coverage Ratio is less than 1.25 (a) as of any quarterly testing date or (b) as of the end of a Fiscal Year, then within one hundred twenty (120) days of receipt of the certification showing such deficiency, the Group Representative shall deliver to the Master Trustee and each Bond Trustee an Independent Consultant’s report setting forth in detail the reasons for such deficiency and recommending a specific plan designed to achieve a Debt Service Coverage Ratio of 1.25 in the

following Fiscal Year (which plan may include a recommendation that one or more Members retain a different Manager).

If the conditions are met for a Notice of Reserve Fund Increase to be delivered to the Master Trustee, the Group Representative shall deliver such notice in accordance with the Master Indenture. If the conditions are met for a Notice of Reserve Fund Decrease to be delivered to the Master Trustee, the Group Representative shall deliver such notice in accordance with the Master Indenture.

Reports. Whenever the Group Representative is required to deliver an Independent Consultant's report, the Group Representative shall cause such report to be prepared and shall adopt such report within the applicable time limit prescribed. Such report shall be prepared by an Independent Consultant, shall be in writing and shall contain sufficient detail to support the conclusions made concerning the reasons for the deficiency and the steps to be taken for its correction. Each such report must be acknowledged in writing by the Group Representative and each affected Member (although concurrence in every conclusion or recommendation in the report and plan shall not be required). Each such report and plan shall be implemented immediately upon its adoption except to the extent limited by law or existing contracts and except for such recommendations (a) the implementation of which the Group Representative or an affected Member shall have determined by internal official action are unreasonable, impractical or not feasible and (b) the omission of which does not, in the reasonable judgment of the Independent Consultant, prevent the implementation of other recommendations sufficient in the aggregate to enable the Obligated Group to attain the Debt Service Coverage Ratio covenanted in the Master Indenture (i) by the end of the quarter during which the six-month anniversary of the date of implementation of the plan occurs (or such longer time as the Independent Consultant projects to be necessary). Any plan which does not meet the requirements of the preceding sentence shall within forty-five (45) days be amended to meet such requirements or be replaced with a substitute plan meeting such requirements. Copies of each such report and plan shall be sent to the Master Trustee and each Bond Trustee.

Insurance

Each Member will maintain, or cause to be maintained, insurance, in amounts and form, sufficient to cover the risk associated with its business operations, in addition to complying with requirements set forth in the Related Ground Lease. Coverage shall protect all properties of each Member and each Member and its agents, officers, employees, contractors and invitees from potential exposures that may be associated with the properties and the activities to be conducted at the properties. And, initially, each Member shall maintain or cause to be maintained at least the coverages in the amounts shown on Schedule A to the Master Indenture.

All such policies of insurance required by the Master Indenture shall be issued by and maintained in responsible insurance companies, organized under the laws of one of the states of the United States or under the laws of such other jurisdiction as legally permissible and having a rating in Best's Key Rating Guide of at least "A-." All such policies shall be carried in the name of the Member or Members covered, the Master Trustee, and, if applicable, in the names of the ground lessor under any Ground Lease, the Bond Trustee for the Bonds financing or refinancing the Project and the issuer of such Bonds as their respective interests may appear. All such

policies for property and casualty insurance shall contain standard mortgage clauses which provide for Net Proceeds of insurance resulting from claims per casualty thereunder to be made payable directly to the Master Trustee. The Net Proceeds of property and casualty insurance shall be applied as provided in the Master Indenture. The Net Proceeds of use and occupancy (or loss of rent) insurance required under the Master Indenture shall be applied to the extent necessary to make payments required by the Master Indenture and any additional payments required under the Master Indenture as the same become due during the period of interruption of the covered Member's operations, as estimated by the covered Member and the Group Representative. Each policy shall contain a provision that the insurer shall not cancel nor modify it without giving prior written notice to each insured named therein, at least thirty (30) days before the cancellation or modification becomes effective. Not less than thirty (30) days prior to the expiration of any policy, the Group Representative shall furnish the Master Trustee and applicable Bond Trustees evidence reasonably satisfactory to the Master Trustee that the policy has been renewed or replaced in conformity with the provisions of the Master Indenture, or that there is no necessity therefor under the terms of the Master Indenture. In lieu of separate policies, the Obligated Group may maintain a single policy, blanket or umbrella policies, or a combination thereof, in which event the Group Representative shall deposit with the Master Trustee a certificate stating the amount of such insurance, the insurance provided, and the amount of coverage in force upon the property of each Member of the Obligated Group. The Group Representative shall promptly notify the Master Trustee and each Bond Trustee of any change in insurance for the property of the Obligated Group.

Damage, Destruction and Condemnation

In the event of any damage, destruction, condemnation, taking under the threat of condemnation or other similar action by a governmental entity requiring surrender of a Mortgaged Property (including without limitation, contractual arrangement under a Ground Lease which results in the termination at the option of the Lessor under the Ground Lease or a Ground Lease for a negotiated payment to the related Member) with respect to a Project (the "Damaged Project"), or to a Mortgaged Property (the "Damaged Mortgaged Property," or a "Damaged Project" or "Damaged Mortgaged Property" may be referred to in the Master Indenture as a "Damaged Property") the Member owning such Damaged Property (the "Affected Member") shall make a determination as to the amount of Net Proceeds anticipated to result therefrom and as to whether such amount is permitted by the Related Ground Lease to be paid to the Master Trustee within thirty (30) days of the occurrence of such damage, destruction, condemnation, taking or similar action.

If the Net Proceeds of any damage, destruction, condemnation or taking under the threat of condemnation with respect to the Damaged Property as determined by the Affected Member above are equal to or less than \$250,000, such Net Proceeds shall be transferred (to the extent permitted to be so transferred to the Master Trustee by the Related Ground Lease) to the Master Trustee for deposit in the Renewal Fund and shall be applied to repair, restore, modify, improve or replace the Damaged Property. To the extent the Related Ground Lease requires Net Proceeds to be held by the landlord, the Affected Member may draw such Net Proceeds only after a requisition (containing the same information as would be required for a draw from the Renewal Fund) has been approved in writing by the Master Trustee. The Master Trustee is directed in the Master Indenture to make payments from the Renewal Fund (or to approve draws from Net

Proceeds held by the landlord under the Related Ground Lease) for such purposes or to reimburse the Affected Member for costs paid by it in connection therewith upon receipt of a requisition signed by an Authorized Representative of the Affected Member or the Group Representative, stating with respect to each payment to be made: (1) the requisition number, (2) the name and address of the Person to whom payment is due, (3) the amount to be paid and (4) that each obligation mentioned therein has been properly incurred, is a proper charge against the Renewal Fund and has not been the basis of any previous withdrawal, which requisition shall be accompanied by copies of bills, invoices or receipts (as appropriate) for each payment made. Any balance of the Net Proceeds (in the Renewal Fund or released or to be released by the landlord under the Related Ground Lease) remaining after the Damaged Property has been repaired, restored or replaced to a state substantially like that prior to the event of damage, destruction or taking shall be transferred to the Revenue Fund for application as a revenue in accordance with the Master Indenture.

If the Net Proceeds of any damage, destruction, condemnation or taking under the threat of condemnation with respect to the Damaged Property as determined by the Affected Member pursuant to paragraph (a) above are greater than \$250,000, such Net Proceeds shall be transferred to the Master Trustee (to the extent permitted to be so transferred to the Master Trustee by the Related Ground Lease) for deposit in the Renewal Fund, and:

(i) The Affected Member shall immediately determine (1) if (A) the repair, reconstruction, restoration or replacement of the Damaged Property or a portion thereof damaged or taken is economically feasible and permitted by the terms of the Related Ground Lease and will restore the Damaged Property to the physical and operating condition as existed before or (B) whether, in any event, such repair, reconstruction, restoration or replacement is the only legal or economically viable alternative under the Related Ground Lease, and (2) if the Affected Member will have sufficient funds from the Net Proceeds, business interruption insurance proceeds and other available funds to make the payments required under the Master Indenture when due, to pay the cost of repairing, reconstructing, restoring or replacing the portion of the Damaged Property affected by such loss, damage or condemnation (including without limitation Architectural Consultants' and attorneys' fees and expenses) and to pay Operation and Maintenance Expenses for such Damaged Property until completion of the repair, construction or replacement of such portion of the Damaged Property, which determination shall be reflected in a report that shall be delivered to the Master Trustee, the Bond Trustee for the Allocable Bonds financing the Damaged Property (the "Affected Bonds"), if any, and any Holder owning at least ten percent (10%) in aggregate principal amount of the Bonds, within ninety (90) days of the occurrence of such damage, destruction, condemnation or taking. If the report determines the foregoing conditions (1 and 2) are satisfied, then within ninety (90) days after delivery thereof, the Affected Member shall deliver to the Master Trustee:

(A) the plans and specifications, prepared by an Architectural Consultant, necessary to effect such repair, reconstruction or replacement and an executed construction contract for such work (with a copy to the Bond Trustee for the Affected Bonds, if any);

(B) cash in an amount equal to the funds, if any, in excess of Net Proceeds and business interruption insurance proceeds required by the report delivered under clause (i) above; and

(C) such other documents and information as the Master Trustee or the Bond Trustee for the Affected Bonds, if any, may reasonably require; and

(D) the Affected Member shall promptly proceed to repair, reconstruct and replace the affected portion of the Damaged Property, including all fixtures, furniture and equipment and effects, to its original condition to the extent possible. Each request for payment shall comply with the requirements for a construction requisition set forth in Exhibit D to the Master Indenture.

(ii) If the Affected Member's report does not determine that the conditions are satisfied or fails to meet the requirements relating to repair or reconstruction or replacement described in clause (i) above, with respect to Net Proceeds from Damaged Project, the Affected Member shall prepay the Obligation (or that portion of the Obligation) financing the Damaged Project and the Affected Bonds shall be redeemed as set forth in the Master Indenture and described in the second succeeding paragraph below and in accordance with the Related Financing Documents, and, with respect to Net Proceeds from a Damaged Mortgaged Property, the Master Trustee shall transfer the Net Proceeds to the Revenue Fund for application as revenues.

If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement undertaken pursuant to the Master Indenture, the Affected Member will nonetheless complete the work and will pay any cost in excess of the amount of the Net Proceeds held by the Master Trustee. Each Member agrees that if, by reason of any such insufficiency of the Net Proceeds, the Affected Member shall make any payments pursuant to the provisions of the Master Indenture, the Affected Member shall not be entitled to any reimbursement therefor from the Master Trustee, nor shall the Affected Member be entitled to any diminution of the amount payable under the Master Indenture or under the Related Financing Documents.

Under the circumstances described in paragraph (ii) above, the Obligation financing the Damaged Project, if any, shall be prepaid and the Affected Bonds, if any, redeemed in full in accordance with the Related Financing Documents and the Net Proceeds shall be transferred by the Master Trustee from the Renewal Fund to the Special Redemption Account of the Debt Service Fund for such purpose. If the Net Proceeds are insufficient to redeem such Obligation (or portion of the Obligation) as necessary to redeem the Affected Bonds in full in accordance with the Related Financing Documents, the Affected Member shall provide or cause to be provided to the Trustee for deposit into the Special Redemption Account of the Debt Service Fund moneys which, together with the Net Proceeds, will be sufficient to redeem the Affected Bonds in accordance with the Related Financing Documents. In the event that the Affected Member has completed any repair, reconstruction or replacement of the Damaged Property after the occurrence of any damage, destruction or condemnation or has redeemed the Affected Bonds in accordance with the requirements of the Master Indenture, and there are excess Net Proceeds,

such excess shall be transferred by the Master Trustee to the Revenue Fund for application as revenues.

The occurrence of a casualty to or condemnation of any Project or Mortgaged Property or any portion thereof shall not entitle the Obligated Group to any abatement, postponement or reduction in the amounts payable under the Master Indenture or under the Related Financing Documents and each Member waives, to the extent permitted by law, the benefits and provisions of all laws and rights which, by reason of such casualty or condemnation, might relieve the Member from any of such obligations.

The Members and the Master Trustee acknowledge that the amount of Net Proceeds available to the Members and the Master Trustee may be limited by the terms of the applicable Ground Leases.

Permitted Encumbrances

No Member will create or suffer to be created or exist upon any property now owned or thereafter acquired by it any mortgage or other lien, security interest or other similar right or interest, servitude, easement, right-of-way, license, encumbrance, irregularity or defect in title, cloud on title, restriction, reservation or covenant running with the land, other than liens to secure the Obligations as required or permitted in the Master Indenture and Permitted Encumbrances. For the purposes of the Master Indenture, Permitted Encumbrances shall include the following:

(i) liens arising by reason of good faith deposits with any Member in connection with tenders, leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by any Member to secure public or statutory obligations, or to secure or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of ground rent under any Ground Lease, taxes or assessments or other similar charges;

(ii) any lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable any Member to participate in any funds established to cover any insurance risks or in connection with worker's compensation, unemployment insurance, old age pensions or other social security, or to share in the privileges or benefits required for institutions participating in such arrangements;

(iii) any judgment lien against any Member permitted by the Master Indenture;

(iv) rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law, affecting any property, to (i) terminate such right, power, franchise, grant, license or permit, provided that the exercise of such right would not materially impair the use of such property for its intended purpose or materially and adversely affect the value thereof, or (ii) purchase, condemn, appropriate or recapture, or designate a purchaser of such property;

(v) any liens on any property for taxes, assessments, levies, fees, water and sewer rents, other governmental and similar charges and payments in lieu of any of the foregoing, and any liens of mechanics, materialmen and laborers for work or services performed or materials furnished in connection with such property (i) which are not due and payable or are not delinquent, or (ii) the amount or validity of which are being contested in accordance with the requirements of the Master Indenture;

(vi) any lease which, in the judgment of the Member whose property is subject thereto, is reasonably necessary or appropriate for or incidental to the proper and economical operation of such property, taking into account the nature and terms of the lease and the nature and purposes of the property subject thereto;

(vii) utility, access and other easements, rights-of-way, restrictions and other minor defects, encumbrances, and irregularities in the title to any property which do not materially impair the use of such property for its intended purpose or materially and adversely affect the value thereof;

(viii) rights reserved to or vested in any municipality or public authority to control or regulate any property or to use such property in any manner, which rights have not been violated and do not materially impair the use of such property for its intended purposes or materially and adversely affect the value thereof;

(ix) any lien or security interest described in Exhibit B to the Master Indenture which is existing on the date of the Master Indenture, provided that no lien or security interest so described or the indebtedness secured thereby may be extended or renewed (which terms shall not apply to the filing of any continuation statements under the Uniform Commercial Code) or modified to spread to any property not subject to such lien or security interest on the date of the Master Indenture, except to the extent that such lien or security interest, as so extended, renewed or modified could have been granted or created under any provision of the Master Indenture;

(x) any lien on property in which the Master Trustee for the benefit of the Holders has a security interest, so long as any such lien is of inferior rank and priority to all liens granted in favor of the Master Trustee for the benefit of the Holders;

(xi) any lien in favor of the provider of a Credit Facility supporting payment of any Obligation which would be required or permitted to secure the Obligation to which the Credit Facility relates;

(xii) any lien on accounts receivable granted in favor of the transferee thereof in connection with a transfer permitted by the Master Indenture;

(xiii) any purchase money security interest for equipment and other assets acquired by a Member in the ordinary course of business in accordance with the Master Indenture;

(xiv) encumbrances arising directly from the establishment, as security for Indebtedness, of (i) Qualified Escrows, (ii) construction funds or other similar funds established to pay the costs of projects being financed by the Indebtedness secured thereby, (iii) debt service

funds or other similar funds established to accumulate funds to pay the principal or redemption price of and interest on the Indebtedness secured thereby, (iv) depreciation reserve funds or other similar funds established to provide a proper matching between Revenues Available for Debt Service and Debt Service Requirements, and (v) debt service reserve funds, renewal and replacement funds or other reasonably required reserve funds; provided that, in each case, the Master Trustee shall have received an Officer's Certificate certifying that establishment of the fund or account and any obligation of a Member to make deposits therein are upon commercially reasonable terms consistent with prevailing market conditions at the time the fund or account is established. If any such fund or account is established in accordance with the foregoing, the holder of the Indebtedness secured thereby shall be entitled to a first lien thereon and may exercise such rights and remedies with respect thereto as are available under applicable law and the terms of the Related Financing Documents;

(xv) any Ground Lease and any extension, renewal, modification or replacement of the same; and

(xvi) any lien consented to by the Master Trustee as not adversely affecting any Holder or following consent of the Majority Applicable Holders to the same.

Sale, Lease or Other Disposition of Assets

Each Member shall be permitted to transfer assets to other Members without limitation under the Master Indenture, but may not transfer assets to any other Person, unless:

(i) the transfer is permitted under the provisions of the Master Indenture regarding consolidation, merger, sale or conveyance;

(ii) the transfer involves only property (including, without limitation, cash and cash equivalents used to pay for Operating and Maintenance Expenses) which is retired, replaced or otherwise disposed of in the ordinary course of business, including but not limited to property which has become or is reasonably expected to become, within twenty-four (24) months, inadequate, obsolete or unnecessary;

(iii) the transfer involves only cash and investments (i) excluded from Gross Revenues or (ii) being distributed or paid to the Members (or their owners) from the Facility Surplus Fund in accordance with the Master Indenture;

(iv) the transfer (i) involves (A) cash, investments or accounts receivable (whether made with or without recourse for uncollectible accounts), (B) contract rights or (C) any other property (including real property, fixtures and tangible personal property) from the ownership or operation of which no Operating Revenues are or have been received during the preceding twelve months and (ii) is made for fair consideration; provided, however, that the relinquishment of the certain property in accordance with the Master Indenture shall be deemed to meet the requirements of the Master Indenture as described therein;

(v) the transfer consists of relinquishing a Ground Lease for a Ground Lease on the same Project, Mortgaged Property or Additional Property consented to by the Master Trustee in accordance with the provisions of the Master Indenture; or

(vi) the transfer is in connection with the posting of collateral under a Note securing a Hedge in accordance with the terms of the Hedge; and

(vii) in all other cases:

(i) the Master Trustee receives an Officer's Certificate certifying either (or both) of the following: (A) if less than all Allocable Bonds are to be redeemed, or if there are no Allocable Bonds, how much, if any, of each Obligation will need to be redeemed, refinanced or defeased as necessary in order to maintain a Senior Debt Service Coverage Ratio for the twelve month period following such redemption or defeasement which equals or exceeds 1.50 and Debt Service Coverage Ratio for the next twelve month period which equals or exceeds 1.30; or (B) if all Allocable Bonds are to be redeemed or defeased, that the Senior Debt Service Coverage Ratio for the twelve month period following such redemption or defeasance will equal or exceed 1.40 and the Debt Service Coverage Ratio for such twelve month period will equal or exceed 1.25;

(ii) the Obligated Group within sixty (60) days causes the Allocable Bonds to be redeemed, refinanced or defeased in at least the amounts, if any, certified to in (i) above;

(iii) if the asset is a Project or portion thereof, the Master Trustee receives an Opinion of Bond Counsel to the effect that the exclusion of interest on the related Bonds from gross income for federal income purposes will not be adversely affected by such disposition and that all state law requirements arising from the repayment of the Bonds to be redeemed have been fulfilled; and

(iv) a Confirmation of Rating is first obtained.

Consolidation, Merger, Sale or Conveyance

No Member will merge or consolidate with or sell or convey all or substantially all of its assets to any Person not a Member of the Obligated Group unless such transaction will involve a release of the affected Member pursuant to the provisions of the Master Indenture from the Obligated Group and will meet the requirements of the Master Indenture for the sale, lease or disposition of assets (see “ - Sale, Lease or Other Disposition of Assets” above) or:

(i) it first complies with the applicable requirements of the Related Financing Documents and the Related Ground Lease for each Project, Mortgaged Property and Additional Property affected;

(ii) the entity formed by such consolidation or into which the Member is merged or the Person which acquires by conveyance or transfer the properties and assets of the Member substantially as an entirety shall be an entity organized and existing under the laws of the United States of America or any state or the District of Columbia, and shall expressly assume, by an amendment to the Master Indenture, executed and delivered to the Master Trustee, the due and punctual payment of the amounts which may become due under the Master Indenture and the due and punctual performance and observance of every covenant and condition of the Master Indenture, and of the Related

Financing Documents and the Related Ground Lease for each Project, Mortgaged Property and Additional Property affected, on the part of the Member to be performed or observed;

(iii) the Master Trustee shall receive an Opinion of Counsel in form and substance satisfactory to the Master Trustee to the effect that (i) any such consolidation, merger, sale, or conveyance, and any such assumption, complies with the provisions of the Master Indenture and (ii) any necessary Supplemental Indenture and amendments to financing statements and Related Financing Documents under the Uniform Commercial Code or such other applicable law necessary to maintain perfection of the security interests of the Master Indenture and the applicable Mortgage have been filed;

(iv) the Master Trustee shall receive an Opinion of Bond Counsel in form and substance satisfactory to the Master Trustee to the effect that any such consolidation, merger, sale or conveyance and any such assumption, shall not adversely affect the exclusion of interest on the related Bonds from the gross income of the holders thereof under the Code;

(v) the Member shall have given written notice to the Master Trustee and each Holder at least fifteen (15) days prior to such merger or consolidation, sale or conveyance;

(vi) the net worth of the surviving, resulting or transferee entity immediately following the merger, consolidation or transfer is equal to or greater than the net worth of the Member immediately preceding the merger, consolidation or transfer, as evidenced by the certificate of an Independent Public Accountant, or by an Officer's Certificate of the Member in the case of a transfer where the transferee and transferor have no liabilities other than those relating to the Obligations (and to the properties being transferred);

(vii) any litigation or investigations in which the surviving, resulting or transferee entity or its officers and directors or partners are involved, and any court, administrative or other orders to which the surviving, resulting or transferee entity or its officer and directors or partners are subject, relate to matters arising in the ordinary course of business;

(viii) after the merger, consolidation or transfer, the affected Projects, Mortgaged Properties and Additional Properties shall continue to be operated as required by the Related Financing Documents and the Related Ground Leases;

(ix) the Member or such successor entity, as the case may be, immediately after such merger or consolidation, or such sale or conveyance, would not be in default in the performance or observance of any covenant or condition under the Master Indenture, under any of the Related Financing Documents or the Related Ground Lease of any affected Project or Mortgaged Property or Additional Property;

(x) a Confirmation of Rating is first obtained; and

(xi) any necessary amendments to financing statements under the Uniform Commercial Code or such other applicable law necessary to maintain perfection of the security interests of the Master Indenture and the applicable Mortgage shall be filed.

Any entity which succeeds to and assumes the obligations of a Member pursuant to the Master Indenture shall be required to execute and deliver to the Master Trustee such documents and instruments as are, in the Opinion of Counsel, necessary or appropriate for the purpose of effectuating such succession and assumption. Thereafter, the successor entity shall be deemed a Member for all purposes under the Master Indenture. In such case and as a condition to any such merger, conveyance or transfer, the successor entity shall assume the Related Financing Documents, the Related Ground Lease, the Related Mortgage and all liability under the Master Indenture and the outgoing Member shall be released from all liability under the Master Indenture, the Related Financing Documents, the Related Ground Lease and the Related Mortgage.

Books and Records, Filing of Financial Statements, Certificate of No Default, Other Information

Each Member shall keep proper books of record and account, in which full and correct entries shall be made of all dealings or transactions of or in relation to the properties, business and affairs of the Member in accordance with generally accepted accounting principles.

As soon as practicable but in no event later than 90 days after the end of each Fiscal Year, the Group Representative shall file with the Master Trustee, each Rating Agency and any other party required by the terms of any applicable financing, (i) financial statements for each Member on (as the Group Representative shall determine in its reasonable discretion) an individual or combined basis for some or all of the Members for such Fiscal Year, in each case prepared in accordance with generally accepted accounting principles and examined and reported on by an Independent Public Accountant, (ii) an Officer's Certificate and a certificate of an Independent Public Accountant stating whether, to the best knowledge of the signers, the Obligated Group is in default in the performance of any covenant contained in the Master Indenture and, if so, specifying each such default of which the signers may have knowledge, (iii) the items required by the Master Indenture with respect to the Debt Service Coverage Ratio and the Senior Debt Service Coverage Ratio, and (iv) if requested by the Master Trustee, evidence in the form of a coverage certificate to the effect that the insurance required by the Master Indenture remains in effect.

No later than forty-five (45) days after the end of each fiscal quarter, the Group Representative shall file with the parties named above (i) unaudited financial information of the Obligated Group for such preceding fiscal quarter, including a combined statement of operations prepared on a budget comparative basis for such fiscal quarter and Fiscal Year to date, a combined statement of financial position, a combined statement of cash flows and a combined statement of changes in Members' equity; (ii) an occupancy report for each Member, (iii) subleasing and rental information of the type contained within "Tenants and Leases" section of the Official Statement for each Project, Mortgaged Property and Additional Property; (iv) a table updating Exhibit E to the Master Indenture; (v) the debt service coverage calculations required

by the Master Indenture; (vi) if the Senior Debt Service Coverage Ratio or the Projected Senior Debt Service Coverage Ratio delivered with the certification has been below 1.30 for eight consecutive fiscal quarters, a notice (a “Notice of Reserve Fund Increase”) notifying the Master Trustee and the Bond Trustees that the Debt Service Reserve Requirement has increased to one hundred percent (100%) of maximum annual debt service for all Series of Bonds (subject to the requirements of Section 148(g) of the Code); and (vii) at any time following the delivery of a Notice of Reserve Fund Increase, if the Senior Debt Service Coverage Ratio and the Projected Senior Debt Service Coverage Ratio has been above 1.30 for twenty (20) consecutive fiscal quarters, a notice (a “Notice of Reserve Fund Decrease”) notifying the Master Trustee and the Bond Trustees that the Debt Service Reserve Requirement has decreased to fifty percent (50%) of the maximum annual debt service for all Series of Bonds ((subject to the requirements of Section 148(g) of the Code).

If an Event of Default shall have occurred and be continuing, each Member shall (i) file with the Master Trustee such other financial statements and information concerning the operations and financial affairs of such Member (or of any consolidated group of companies of which such Member is a member) as the Master Trustee may from time to time reasonably request, and (ii) provide access to the facilities of such Member for the purpose of inspection by the Master Trustee during regular business hours or at such other times as the Master Trustee may reasonably request.

At least thirty (30) days prior to the start of each Fiscal Year, the Group Representative shall file a copy with the Master Trustee of a consolidated annual cash budget for the operations of the Members of the Obligated Group for such Fiscal Year of all of the facilities owned by the Members and Current Estimated Tenant Improvement Requirement for the Members (looking forward to the next two Fiscal Years), and any amendments to such budget, or Current Estimated Tenant Improvement Requirement within thirty (30) days of approval by the Members; and

Promptly upon its receipt by any Member or the Group Representative from the Internal Revenue Service as to an audit of the tax-exempt status of any Tax Exempt Bonds, or from the Securities Exchange Commission concerning any disclosure relating to any Bonds, the Group Representative shall file a copy of the same with the Master Trustee.

The Group Representative or the applicable Member, shall deliver to the Master Trustee prompt written notice of any litigation or regulatory or other proceeding or investigation in which any Member is a party if such litigation, proceeding or investigation, if decided against the Member, would have a Material Adverse Effect, and, to the extent feasible, the status of the Member’s defense of such claim or proceeding.

Immediately upon becoming aware of the existence of any condition or event which constitutes a default or an Event of Default under the Master Indenture or an event of default under the Related Financing Documents or the Ground Leases or an Act of Bankruptcy, each Member will cause the Group Representative to deliver to the Master Trustee a written notice specifying the nature and period of existence thereof and what action the Obligated Group is taking or proposes to take with respect thereto.

Promptly upon any change in the properties producing Net Revenues from Additional Properties, a new Schedule B to the Master Indenture, and promptly upon any change or new information that would make the information on any other Schedule untrue, the Group Representative shall deliver to the Master Trustee an appropriately revised version of such Schedule containing the corrected and updated information.

Prior to any new Member joining the Obligated Group, the Group Representative shall deliver to the Master Trustee the items required above with respect to the new Member, to the extent the same are available or can reasonably be made available.

On or before the Business Day prior to each January 1 and July 1, the Group Representative shall provide to the Master Trustee the recalculated Debt Service Reserve Requirement calculated in accordance with the definition thereof as of the next January 1 or July 1, as applicable. The Group Representative shall certify that the amounts specified were calculated in accordance with the requirements of the Master Indenture.

The Debt Service Coverage Ratio, Senior Debt Service Coverage Ratio and Projected Debt Service Coverage Ratio and Projected Senior Debt Service Coverage Ratio shall be calculated in accordance with the requirements of the respective definition thereof, by the Group Representative: (i) quarterly (as of the end of each quarter of the Fiscal Year) for the twelve-month period ending on the last day of such quarter; provided, however, that in the first year following issuance of the initial Obligations under the Master Indenture, such testing shall be based on an annualization of the period from such issuance until the date for which the test is to be computed; each quarterly testing shall be performed within forty-five (45) days of the end of the applicable quarter and shall be based upon the quarterly unaudited financial reports for the immediately preceding four quarters required by the Master Indenture, and (ii) annually (as of the end of each Fiscal Year) for such Fiscal Year; each annual testing shall be performed within 100 days of the end of such Fiscal Year on the basis of the annual financial statements of the Members for such Fiscal Year required to be delivered pursuant to the Master Indenture.

The Group Representative shall cause to be delivered to the Master Trustee on behalf of each Member the items required to be delivered pursuant to the Related Financing Documents to the Holders and bondholders.

The Group Representative shall deliver to the Master Trustee all filings with the Municipal Securities Rulemaking Board (whether or not such filing has occurred via the Electronic Municipal Market Access at www.emma.msrb.org), not later than five (5) days following the day the filing is made with the Municipal Securities Rulemaking Board.

The Group Representative may deliver to the Master Trustee for implementation on the first Business Day on or after each February 16, May 16, August 16 and November 16, a notice (a "Qualified Distribution Notice") in which the Group Representative shall certify and provide evidence that certain requirements are met as follows:

- (i) certify and provide copies of the Senior Debt Service Coverage Ratio most recently required to be delivered pursuant to the Master Indenture demonstrating that such Senior Debt Service Coverage Ratio equals or exceeds 1.30;

(ii) certify and provide copies of the Projected Senior Debt Service Coverage Ratio most recently required to be delivered pursuant to the Master Indenture demonstrating that such Projected Senior Debt Service Coverage Ratio equals or exceeds 1.25;

(iii) certify that no Event of Default has occurred and is continuing under the Master Indenture; and

(iv) certify that all requirements that must be satisfied before amounts may be transferred to the Facility Surplus Fund for the immediately prior month have been so satisfied.

Within 100 days of the end of each fifth Fiscal Year of the issuance of the first Obligation under the Master Indenture, the Group Representative shall deliver to the Master Trustee a report of an independent real estate consultant concerning the appropriate size of the Annual Maintenance Reserve Fund Deposit and a certificate of the Group Representative setting forth the per square foot amount to be deposited until the next adjustment required or permitted thereunder, all as required by the Master Indenture.

Compliance with Related Financing Documents and Related Ground Leases

Nothing contained in the Master Indenture shall be construed as relieving any Member of any of its obligations under the terms of any Related Financing Documents or Related Ground Leases. Without limiting the generality of the foregoing, the Members shall not take or cause or permit to be taken any action permitted pursuant to the terms of the Master Indenture except upon compliance with such additional requirements as may be applicable thereto under the terms of such Related Financing Documents or Related Ground Leases including, without limitation, the requirements designed to assure that the exclusion of interest on any Tax Exempt Bond from the gross income of the holders thereof for federal income tax purposes is not adversely affected.

Each Member shall timely pay all rent due and owing under the Related Ground Lease from Gross Revenues retained for such purpose, or, if such Gross Revenues are insufficient for such purpose, from Gross Revenues held under the Master Indenture (which shall be released by the Master Trustee, first from the Prepaid Rent Account, second from the General Account of the Revenue Fund, third from the Facility Surplus Fund, and fourth from the Current Operations Fund).

Subordination of Certain Payments

Each Member agrees to subordinate distributions to owners of the Member and all other expenses that are not included in Operation and Maintenance Expenses to payment of principal and interest on the Senior Obligations and the Subordinate A Obligations, all other payments under the Master Indenture (other than payments with respect to any Subordinate B Obligations) and to all lease payments under the Ground Leases.

Management Agreement

The initial Manager for the Projects and the Mortgaged Properties shall be AeroTerm U.S., Inc., pursuant to the Management Agreements. Any amendment or termination of any Management Agreement shall be approved by the Master Trustee (at the direction of the Majority Applicable Holders), which shall not be unreasonably withheld; *provided, however*, that no such approval will be required when (i) such termination is due to a default by the Manager under such agreement and (ii) (A) such amendment is merely an extension of the term thereof (which does not otherwise materially increase the Manager's rights or decrease the Manager's obligations under such agreement), (B) does not materially increase the Manager's rights or decrease the Manager's obligations under such agreement, or (C) changes the fees paid to the Manager so long as such fees meet the requirements set forth in the initial Management Agreement, as described below.

Any or all of the Management Agreements may be assigned to and assumed by a new management company without approval of the Master Trustee, any Holder or any holder of the Bonds, provided that at the time of such assignment and assumption (i) the new management company manages at least 200,000 square feet of cargo facilities and (ii) the new management company's senior management personnel have at least three (3) years of experience in managing cargo facilities.

Any or all of the Management Agreements may be replaced with a new management agreement entered into with a new management company without approval of the Master Trustee, any Holder or any holder of the Bonds and a management agreement with a management company may be entered into with respect to any new Project, Mortgaged Property or Additional Property, provided, in any of the cases, that at the time of execution of such new management agreement, (i) the new management company manages at least 200,000 square feet of cargo facilities, (ii) the new management company certifies that such management company's senior management personnel has at least three (3) years of experience in managing cargo facilities, (iii) the new management company certifies that such management company's duties, rights and obligations under the new management contract are substantially similar to the Manager's duties, rights and obligations under the initial Management Agreement and (iv) the fees contained in the new management agreement are not at a rate as a percentage of gross receipts for the applicable Project, Mortgaged Property or Additional Property that is materially greater than the fees set forth in the initial Management Agreement; provided, however, that the fee rates may be higher so long as they represent a market rate, as so certified to by the Group Representative.

Except in the case of revisions, amendments and contracts not requiring Master Trustee consent or approval, notwithstanding any other provision of the Master Indenture, no revisions or amendments to any existing management agreement at a Project which materially increase the Manager's rights or extend the Management Agreement beyond the term of the Related Ground Lease, and no new management agreement shall be effective unless and until there is first delivered to the Master Trustee and each affected Bond Trustee an Opinion of Counsel to the effect that such revisions, amendments or new agreement will not cause interest on the related Tax Exempt Bonds to be includable in the gross income of the holders thereof.

Nothing in the Master Indenture shall be understood to require that all Projects and Mortgaged Properties be under common management or that as a new Project, Mortgaged Property or Additional Property is financed or pledged under the Master Indenture that such Project, Mortgaged Property or Additional Property must be managed by any then current Manager, including, without limitation, the initial Manager.

Additional Collateral

The Members shall pledge such additional collateral to secure a particular Series of Bonds or other indebtedness evidenced by an Obligation as shall be required pursuant to the Related Financing Documents including any amounts in the construction fund or Project or similar fund and the Debt Service Reserve Fund for a Series of Bonds.

In addition, the Master Trustee may, in connection with the issuance of Additional Obligations or in connection with any testing of a financial covenant under the Master Indenture, reasonably require a pledge of such additional collateral as reasonably necessary in order to assure such Member and the Obligated Group meet the financial covenants set forth in the Master Indenture. Such additional collateral may include, without limitation, one or more Mortgaged Properties and the revenues therefrom, Net Revenues Available from Additional Properties, and other revenues available from properties for which no Mortgage is provided.

If the Related Financing Documents for any Project financed or refinanced with Bonds do not require establishment of a Debt Service Reserve Fund, the Master Trustee shall establish one under the Master Indenture for the security and benefit of said Bonds unless the Holders of a majority in aggregate principal amount Outstanding of the Obligations waive such requirement.

No Additional Property shall be removed from Schedule B to the Master Indenture without a Confirmation of Rating. On any date an Additional Property is added to or removed from Schedule B to the Master Indenture, a new Schedule B to the Master Indenture shall be concurrently delivered to the Master Trustee and Rating Agency by the Group Representative.

Environmental Matters

Each Member warrants in the Master Indenture that:

(i) No Member has any actual knowledge of any claim nor has any such Member received any notice of any claim, and no proceeding has been instituted raising any claim against any such Member or any of the real property or other assets now or formerly owned, leased or operated by it, alleging any damage to the environment or violation of any Environmental Laws, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect. Except as otherwise disclosed to the Master Trustee in writing:

(ii) no Member has any actual knowledge of any facts which would give rise to any claim, public or private, of violation of Environmental Laws or damage to the environment emanating from, occurring on or in any way related to real property now or formerly owned, leased or operated by any Member or to other assets or their use, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect;

(iii) no Member has stored any Hazardous Materials on real property now or formerly owned, leased or operated by it nor has it disposed of any Hazardous Materials in a manner contrary to any Environmental Laws in each case in any manner that could reasonably be expected to result in a Material Adverse Effect; and

(iv) all buildings on all real property now owned, leased or operated by each Member are in compliance with applicable Environmental Laws, except where failure to comply could not reasonably be expected to result in a Material Adverse Effect.

Extensions of Ground Leases

Under the Master Indenture each Member of the Obligated Group either represents and warrants that it has exercised its option under its respective Ground Lease to extend the term of such Ground Lease to the date indicated on Exhibit E to the Master Indenture, or covenants that it will extend the term of such Ground Lease when it becomes able to do so under the terms of such Ground Lease to the date indicated on Exhibit E to the Master Indenture.

Subtenants under Ground Leases

Under the Master Indenture, each Member of the Obligated Group will at all times (i) use its best efforts to retain tenants in space leased by such Member and (ii) optimize the economic performance of space leased by such Member.

No Member of the Obligated Group will at any time induce (or permit a Nonmember Affiliate to induce) any tenant occupying space leased by such Member through incentives, including, but not limited to, below market rental rates, to transfer to any space leased by a Nonmember Affiliate, provided, however, that the Master Indenture does not prevent a Nonmember Affiliate from responding to the request of a tenant of any Member for a quote of market rental rates relating to available space leased by such Nonmember Affiliate in order to meet the stated business and operational needs and objectives of such tenant or prevent such Nonmember Affiliate from entering into a lease based on the market rental rates if the transaction is otherwise permitted by the Master Indenture. No Member will permit any termination of a tenant lease in advance of its stated expiration unless it receives compensation equal to the forgone Gross Revenues during the term of the terminated lease which compensation may be either paid consistently with the payment terms of the lease or paid up front based on a present value calculation.

Events of Default

“Event of Default”, as used in the Master Indenture, shall mean any of the following events of which the Master Trustee has received actual written notice (provided that the Master Trustee shall be deemed to have received written notice with respect to any event specified in the Master Indenture as described in paragraph (i) below), unless in each case cured within any applicable grace period by a Member and/or the Obligated Group, whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body:

(i) (A) if the Members of the Obligated Group shall fail to make any payment of principal, redemption price or interest when due under the terms of any Senior Obligation or any Subordinate Class A Obligation and such failure continues to exist upon the expiration of any applicable grace period; or

(B) if the Members if the Obligated Group shall fail to make any payment of principal, redemption price or interest due under the terms of any Subordinate Class B Obligation by the first July 1 following the date on which such amount first becomes due. Moreover, notwithstanding anything in the clause above to the contrary, so long as the failure to make payment of principal, redemption price or interest when due under the terms of any Subordinate Class B Obligation is due solely to the fact that a Qualified Distribution Notice could not be delivered, such failure shall not constitute a default or Event of Default under the Master Indenture.

(ii) if any Member shall fail to observe or perform any covenant or agreement contained in the Master Indenture, any Mortgage or any Related Financing Documents or Related Ground Leases for any Obligations, which failure would have a Material Adverse Effect, and such failure continues for a period of thirty (30) days after written notice of such failure, requiring the same to be remedied, shall have been given by the Master Trustee to the Members of the Obligated Group, the giving of which notice shall be at the discretion of the Master Trustee unless the Master Trustee is requested in writing to do so by the Holders of at least 25% in aggregate principal amount of all Outstanding Senior Obligations, or if no Senior Obligations are Outstanding, of all Outstanding Subordinate Class A Obligations, or if no Senior Obligations and no Subordinate Class A Obligations are Outstanding, all Outstanding Subordinate Class B Obligations, in which event such notice shall be given; provided, however, that if such observance or performance requires work to be done, actions to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied within such thirty (30) day period, no Event of Default shall be deemed to have occurred or to exist if, and so long as, the defaulting Member shall commence such work, action or other remedy within such thirty (30) day period and shall diligently and continuously prosecute the same to completion; or

(iii) if any Member shall default in the payment of any Indebtedness (other than Obligations issued and Outstanding under the Master Indenture), whether such Indebtedness now exists or shall hereafter be created, and any period of grace with respect thereto shall have expired, or an event of default as defined in any Related Financing Documents under which any Indebtedness may be issued, secured or evidenced shall occur, which default in payment or event of default shall result in such Indebtedness becoming or being declared due and payable prior to the date on which it would otherwise become due and payable; provided, however, that such default shall not constitute an Event of Default if within the time allowed for service of a responsive pleading in any proceeding to enforce payment of the Indebtedness under the laws governing such proceeding (A) one (1) or more Members of the Obligated Group in good faith commence and diligently continue proceedings to contest the existence or payment of such Indebtedness, and (B) sufficient moneys are escrowed with a bank or trust company for the payment of such Indebtedness; or

- (iv) if an Act of Bankruptcy with respect to any Member shall occur; or
- (v) if an “Event of Default” under any of the Ground Leases shall occur and is not waived and with respect to which all grace and cure periods have expired; or
- (vi) if an event of default or termination event with respect to which any Member is the defaulting party or affected party under any Hedge, shall occur and is not waived and with respect to which all grace and cure periods have expired; or
- (vii) if any warranty, representation, certification, financial statement or other information made or furnished to induce the Master Trustee to enter into the Master Indenture or allow any Obligation to be issued, or made or furnished, at any time, in or pursuant to the terms of any Related Financing Document or the Ground Leases by the Group Representative or any Member shall prove to have been false or misleading in any material respect when made or furnished and shall result in a Material Adverse Effect and, if capable of being cured, such misrepresentation shall continue uncured for thirty (30) or more days from the discovery thereof; *provided that* if the Obligated Group commences efforts to cure such misrepresentation within such thirty (30) day period the Obligated Group may continue to effect such cure of the misrepresentation and such misrepresentation shall not be deemed an Event of Default if the Obligated Group is diligently pursuing the cure.

Upon the occurrence of an Event of Default, then, and in every such case, the Master Trustee (A) at the written request of the Holders of at least 25% in aggregate principal amount Outstanding of the Senior Obligations or (B) in the case of an Event of Default described in paragraph (i) above, without any such request, shall declare the principal of all the Senior Obligations and the interest accrued thereon to be immediately due and payable and provide notice of the same to the Group Representative and upon any such declaration, all Debt Service on the Senior Obligations become immediately due and payable. Notwithstanding the foregoing, the Senior Obligations shall not be subject to acceleration in the event the applicable Event of Default relates solely to payment of Debt Service on the Subordinate Obligations.

Upon the occurrence of an Event of Default, then, and in every case, the Master Trustee (A) at the written request of the Holders of at least 25% in aggregate principal amount Outstanding of the Subordinate Class A Obligations and with Special Senior Consent if any Senior Obligations remain Outstanding, and (B) if no Senior Obligations remain Outstanding, without any such request, in the case of an Event of Default described in paragraph (i) above, shall declare the principal of all of the Subordinate Class A Obligations and the interest accrued thereon to be immediately due and payable and give notice of the same to the Group Representative and upon any such declaration, all Debt Service on the Subordinate Class A Obligations shall become immediately due and payable. Notwithstanding the foregoing, the Subordinate Class A Obligations shall not be subject to acceleration in the event the applicable Event of Default relates solely to payment of the Debt Service on the Subordinate Class B Obligations.

Upon the occurrence of an Event of Default if no Senior Obligations or Subordinate Class A Obligations remain Outstanding, the Master Trustee (A) at the written request of the Holders of a majority in aggregate principal amount Outstanding of the Subordinate Class B Obligations and (B) if no Senior Obligations and no Subordinate Class A Obligations remain Outstanding without any such request in the case of an Event of Default under (i) above, shall declare the principal of all of the Subordinate Class B Obligations and the interest accrued thereon to be immediately due and payable and give notice of the same to the Group Representative and upon such declaration all Debt Service on the Subordinate Class B Obligations shall become immediately due and payable.

Any declaration pursuant to the Master Indenture as described in the immediately preceding three paragraphs above shall be subject to the condition that if, at any time after the principal of all Notes or other Obligations of a Class of Obligations shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as provided in the Master Indenture: (i) the Members of the Obligated Group shall deposit with the Master Trustee a sum sufficient to pay (A) all matured installments of interest upon all Notes or other Obligations and the principal and premium, if any, of all such Notes or other Obligations that shall have become due otherwise than by acceleration (with interest on overdue installments of interest, to the extent permitted by law and on such principal and premium, if any, at the respective rates borne by such Notes or other Obligations to the date of such deposit) and any other amounts required to be paid pursuant to such Notes or other Obligations, (B) all amounts due on any Note or any other such Obligation other than by reason of acceleration and (C) the expenses and fees of the Master Trustee; and (ii) any and all Events of Default under the Master Indenture, other than the (X) nonpayment of principal of and accrued interest on Outstanding Obligations that shall have become due by acceleration and (Y) nonpayment of principal or interest on the Subordinate Obligations if any Senior Obligations remain Outstanding (and the Holders of the majority in aggregate principal amount Outstanding of the Senior Obligations have waived such nonpayment) and (Z) when no Senior Obligations remain Outstanding, nonpayment of principal or interest on the Subordinate Class B Obligations if any Subordinate Class A Obligations remain Outstanding (and the Holders of the majority in aggregate principal amount Outstanding of the Subordinate Class A Obligations have waived such nonpayment), shall have been remedied, then and in every such case, the Master Trustee may and, if requested by the Holders of a majority in aggregate principal amount of all Senior Obligations then Outstanding (or if no Senior Obligations remain Outstanding, of all Subordinate Class A Obligations then Outstanding, or if no Senior Obligations and no Subordinate Class A Obligations remain Outstanding, of all Subordinate Class B Obligations then Outstanding), shall waive all Events of Default and rescind and annul such declaration and its consequences, but no such waiver or rescission and annulment shall extend to or affect any subsequent Event of Default.

Payment of Obligations on Default

Upon the occurrence of an Event of Default as described in the Master Indenture and upon demand of the Master Trustee, the Members shall pay to the Master Trustee, for the benefit of the Holders of all Obligations then Outstanding: (a) the whole amount that then shall have become due and payable on all such Obligations for principal or interest, or both, and such other amounts as may be required to be paid on all such Obligations, with interest upon the overdue

principal and installments of interest (to the extent permitted by law) at the respective rates of interest borne by such Obligations or as provided in the applicable Supplemental Indenture, and (b) such further amount as shall be sufficient to cover the costs and expenses of collection, including reasonable compensation to the Master Trustee, its agents, attorneys and counsel, and any expenses incurred by the Master Trustee other than as a result of its negligence or bad faith.

Suit for Moneys Due; Other Remedies

In case any Member shall fail forthwith to pay the amounts due as described in the preceding caption upon such demand of the Master Trustee and unless such failure is cured in whole by one (1) or more Members of the Obligated Group, the Master Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to and shall, upon direction of the Majority Applicable Holders, and upon being indemnified as provided in the Master Indenture, institute any actions or proceedings at law or in equity (including, without limitation, foreclosure actions) for the collection of the sums so due and unpaid, enforce the terms of the Master Indenture, of one or more of the Mortgages and the Related Financing Documents and each and every right of the Master Trustee under the Master Indenture and thereunder and may prosecute any such actions or proceedings to judgment or final decree, and may enforce any such judgment or final decree against each Member, and collect in the manner provided by law out of the property of the Obligated Group wherever situated the moneys adjudged or decreed to be payable. The Master Trustee, upon the bringing of any action or proceeding at law or in equity as described in this paragraph, as a matter of right, without notice and without giving bond to any member of the Obligated Group, may, to the extent permitted by law, have a receiver appointed of all of the property of the Obligated Group pending such action or proceeding, with such powers as the court making such appointment shall confer.

Proceedings in Bankruptcy

In case there shall be pending proceedings for the bankruptcy or for the reorganization or arrangement of any Member under the United States Bankruptcy Code or any other applicable law, or in case a receiver or trustee shall have been appointed for its property, the Master Trustee, irrespective of whether the principal of Notes of any series shall then be due and payable as therein expressed or any amount in respect of any other Obligation is then payable or by declaration or otherwise, and irrespective of whether the Master Trustee shall have made any demand pursuant to the provisions of the Master Indenture, shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount of principal, premium, if any, interest and any other amounts owing and unpaid in respect of Notes of all series and amounts owing and unpaid in respect of any other Obligation, and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Master Trustee and of the Holders of the Obligations allowed in such judicial proceedings relative to such Member of the Obligated Group, its creditors or its property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute the same after the deduction of its charges and expenses; and any receiver, assignee or trustee in bankruptcy or reorganization is authorized in the Master Indenture by each of such Holders to make such payments to the Master Trustee, and, in the event that the Master Trustee shall consent to the making of such payments directly to such Holders, to pay to the Master Trustee

any amount due it for compensation and expenses, including counsel fees incurred by it up to the date of such distribution. To the extent that such payment of reasonable compensation, expenses and counsel fees out of the estate in any such proceedings shall be denied for any reason, payment of the same shall be secured by a lien on, and shall be paid out of, any and all distributions, dividends, moneys, securities and other property which the Holders of the Obligations may be entitled to receive in such proceedings, whether in liquidation or under any plan of reorganization or arrangement or otherwise.

Suit by Master Trustee

All rights of action and rights to assert claims under any Obligation may be enforced by the Master Trustee without the possession of such Obligation on any trial or other proceedings instituted by the Master Trustee. In any proceedings brought by the Master Trustee (and also any proceedings involving the interpretation of any provision of the Master Indenture to which the Master Trustee shall be a party), the Master Trustee shall be held to represent all the Holders of Obligations, and it shall not be necessary to make any Holders of Obligations parties to such proceedings.

Application of Moneys Collected

During the continuation of any Event of Default, any amounts collected by the Master Trustee pursuant to the occurrence of an Event of Default under the Master Indenture and all moneys on deposit in the Funds and Accounts established under the Master Indenture shall be applied, (i) first, for the equal and ratable benefit of the Holders of Senior Obligations and (ii) second, for the equal and ratable benefit of the Holders of all Subordinate Obligations and (iii) third, for the equal and ratable benefit of all Subordinate Class B Obligations in the order following, at the date or dates fixed by the Master Trustee for the distribution of such moneys, upon presentation of such Obligations, and stamping thereon the payment, if only partially paid, and upon surrender thereof, if fully paid:

(i) to the payment of costs and expenses of collection, including reasonable fees of Counsel and reasonable compensation to the Master Trustee and each Bond Trustee, and any other outstanding fees and expenses of the Master Trustee; and

(ii) whether or not the principal of all Outstanding Notes and amounts under all other Obligations shall have become or have been declared due and payable:

FIRST: Subject to the Master Indenture, to the payment to the Persons entitled thereto of all installments of interest then due on any Senior Obligations in the order of the maturity of such installments and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due on such date, without any discrimination or preference;

SECOND: To the payment to the Persons entitled thereto of the unpaid principal installments which shall have become due, whether at maturity (including accelerated maturity) or by call for redemption, on any Senior Obligations in order of their due dates and, if the amounts available shall not be

sufficient to pay in full all principal installments due on the same date, then to the payment thereof ratably, according to the amounts of such principal installments due on such date, without any discrimination or preference;

THIRD: To the payment to the Persons entitled thereto of any additional amounts due and unpaid in respect of Senior Obligations, in the order of the due dates of such amounts, and if the moneys available therefor shall not be sufficient to pay in full any such additional amounts due on the same date, then to the payment thereof ratably, according to the amounts due thereon, without any discrimination or preference;

FOURTH: To the payment to the Persons entitled thereto of all installments of interest then due on any Subordinate Class A Obligations in the order of the maturity of such installments and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to such amounts due on such date, without any discrimination or preference;

FIFTH: To the payment to the Persons entitled thereto of the unpaid principal installments which shall have become due, whether at maturity (including accelerated maturity) or by call for redemption, on any Subordinate Class A Obligations in order of their due dates and, if the amounts available shall not be sufficient to pay in full all principal installments due on the same date, then to the payment thereof ratably, according to the amounts of such principal installments due on such date, without any discrimination or preference;

SIXTH: To the payment to the Persons entitled thereto of any additional amounts due and unpaid in respect of Subordinate Class A Obligations, in the order of the due dates of such amounts, and if the moneys available therefor shall not be sufficient to pay in full any such additional amounts due on the same date, then to the payment thereof ratably, according to the amounts due thereon, without any discrimination or preference;

SEVENTH: To the payment to the Persons entitled thereto of all installments of interest then due on any Subordinate Class B Obligations in the order of the maturity of such installments and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to such amounts due on such date, without any discrimination or preference;

EIGHTH: To the payment to the Persons entitled thereto of the unpaid principal installments which shall have become due, whether at maturity (including accelerated maturity) or by call for redemption, on any Subordinate Class B Obligations in order of their due dates and, if the amounts available shall not be sufficient to pay in full all principal installments due on the same date, then to the payment thereof ratably, according to the amounts of such principal installments due on such date, without any discrimination or preference;

NINTH: To the payment to the Persons entitled thereto of any additional amounts due and unpaid in respect of Subordinate Class B Obligations, in the order of the due dates of such amounts, and if the moneys available therefor shall not be sufficient to pay in full any such additional amounts due on the same date, then to the payment thereof ratably, according to the amounts due thereon, without any discrimination or preference; and

TENTH: To the payment of such other amounts as may be due under the Master Indenture or under any Related Financing Document;

provided that for the purpose of determining the amount of unpaid principal in respect of any such Obligation, there shall be deducted the amount, if any, which has been realized by the Holder by exercise of its rights as a secured party with respect to any liens granted pursuant to the Master Indenture or is on deposit in any fund or account established pursuant to any Related Financing Document for such Obligation as of the date of payment by the Master Trustee as certified to the Master Trustee by the Holder; and

(iii) to the payment of the remainder, if any, to the Members of the Obligated Group, their successors or assigns, as directed by the Group Representative, or to whomsoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

Actions by Holders

No Holder of an Obligation shall have any right by virtue of or by availing of any provision of the Master Indenture to institute any suit, action or proceeding in equity or at law upon or under or with respect to the Master Indenture or for the appointment of a receiver or trustee, or any other remedy under the Master Indenture, unless the Holders of not less than 25% in aggregate principal amount of Senior Obligations then Outstanding (and if no Senior Obligations remain Outstanding, the Subordinate Class A Obligations, and if no Senior Obligations and no Subordinate Class A Obligations remain Outstanding, the Subordinate Class B Obligations) shall have made written request upon the Master Trustee to institute such action, suit or proceeding in its own name as Master Trustee under the Master Indenture and shall have offered to the Master Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby, and the Master Trustee, for 30 days after its receipt of such notice, request and offer of indemnity, shall have neglected or refused to institute any such action, suit or proceeding and no direction inconsistent with such written request shall have been given to the Master Trustee pursuant to the Master Indenture; it being understood and intended, and being expressly covenanted by the Holder of an Obligation and the Master Trustee, that no one or more Holders of Obligations shall have any right in any manner whatever by virtue of or by availing itself of any provision of the Master Indenture to affect, disturb or prejudice the rights of any other Holder of an Obligation or to obtain or seek to obtain priority over or preference to any other such Holder not specifically provided for in the Master Indenture, or to enforce any right under the Master Indenture, except in the manner provided in the Master Indenture and for the equal, ratable and common benefit of all Obligations, except that each and every Senior Obligation shall have priority and preference over each and every Subordinate Obligation. For the protection and enforcement of the provisions of the Master

Indenture, each and every Holder of an Obligation and the Master Trustee shall be entitled to such relief as can be given either at law or in equity.

The Holder of an Obligation instituting a suit, action or proceeding in compliance with the provisions of the Master Indenture shall be entitled in such suit, action or proceeding to such amounts as shall be sufficient to cover the costs and expenses of collection, including to the extent permitted by applicable law, a reasonable compensation to its attorneys.

Notwithstanding any other provision of the Master Indenture, the right of a Holder of an Obligation to receive payment of the principal of and interest on any Note or other Obligation and any other amounts payable thereunder, on or after the respective due dates expressed in such Note or other Obligation, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder, provided that any moneys collected through the exercise of rights and remedies of any Holder against any Member pursuant to the Related Financing Documents for an Obligation (other than rights and remedies relating to liens granted pursuant to the Master Indenture or to funds and accounts established under such Related Financing Documents) shall be paid over to the Master Trustee or, with the consent of the Holder, collected directly by the Master Trustee; and provided, further however, the right of the Holders of the Senior Obligations to receive such payments as shall then be due and owing shall be prior and superior in all cases to the right of the Holders of the Subordinate Obligations to receive such payments and that the rights of the Holders of the Subordinate Class A Obligations to receive such payments as shall then be due and owing shall be prior and superior in all cases to the right of the Holders of the Subordinate Class B Obligations to receive such payments.

Direction of Proceedings by Holders

Except as otherwise specifically provided in the Master Indenture, the Majority Applicable Holders shall have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Master Trustee, or exercising any trust or power conferred on the Master Trustee under the Master Indenture or under any Mortgage; provided, however, that, subject to the provisions of the Master Indenture regarding indemnification by the Master Trustee, the Master Trustee shall have the right to decline to follow any such direction if the Master Trustee, being advised by Counsel, determines that the action so directed may not lawfully be taken, or if the Master Trustee in good faith shall, by a responsible officer or officers of the Master Trustee, determine that the proceedings so directed would be illegal or involve it in personal liability, and provided further that nothing in the Master Indenture shall impair the right of the Master Trustee in its discretion to take any action deemed proper by the Master Trustee and which is not inconsistent with such direction by the Majority Applicable Holders.

Notice of Default

The Master Trustee shall, within 10 days after the occurrence of an Event of Default, publish at least once in such newspapers as may be specified in any Supplemental Indentures and mail to all Holders of Obligations, as the names and addresses of such Holders appear upon the books maintained pursuant to the Master Indenture, notice of such Event of Default known to the

Master Trustee, unless such Event of Default shall have been cured before the giving of such notice.

Supplemental Indentures without Consent of Holders

Each Member, when authorized by an official action of its Governing Person, and the Master Trustee may from time to time and at any time enter into an indenture or indentures supplemental or amendatory to the Master Indenture (and make corresponding or additional amendments to any or all Mortgages) for one or more of the following purposes:

(i) to provide for the issuance of any Notes or other Obligations permitted under the Master Indenture;

(ii) to evidence the addition of a Member or the succession of another Person to any Member as otherwise permitted in the Master Indenture, or successive successions, and the assumption by the new Member or successor Person of the covenants, agreements and obligations of a Member pursuant to the Master Indenture;

(iii) to add to the covenants of any Member such further covenants, restrictions or conditions as its Governing Person and the Master Trustee shall consider to be for the protection of the Holders of Obligations issued under the Master Indenture, and to make the occurrence, or the occurrence and continuance, of a default in any of such additional covenants, restrictions or conditions an Event of Default permitting the enforcement of all or any of the several remedies provided in the Master Indenture; provided, however, that in respect of any such additional covenant, restriction or condition such supplemental indenture may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such default or may limit the remedies available to the Master Trustee upon such default;

(iv) to cure any ambiguity or to correct or supplement any provision contained in the Master Indenture or in any Supplemental Indenture or in any Mortgage which may be defective or inconsistent with any other provision contained in the Master Indenture, in any Mortgage, or in any Supplemental Indenture, or to make such other provisions in regard to matters or questions arising under the Master Indenture, in any Mortgage or any Supplemental Indenture as shall not be inconsistent with the Master Indenture, any Mortgage, or any Supplemental Indenture and shall not impair the security of the Master Indenture or adversely affect the interests of the Holders of any particular Notes or series of Notes or of any other Obligation issued under the Master Indenture;

(v) to modify or supplement the Master Indenture in such manner as may be necessary or appropriate to qualify the Master Indenture under the Trust Indenture Act of 1939 as then amended, or under any similar federal statute hereafter enacted, including provisions whereby the Master Trustee accepts such powers, duties, conditions and restrictions under the Master Indenture and each Member undertakes such covenants, conditions or restrictions additional to those contained in the Master Indenture as would be necessary or appropriate so to qualify the Master Indenture;

(vi) to provide for the establishment of additional funds and accounts under the Master Indenture and for the proper administration of and transfers of moneys between any such funds and accounts, provided that, except as otherwise provided in the Master Indenture, all such funds and accounts shall be established for the equal and ratable benefit of the Holders of all Outstanding Obligations;

(vii) to permit the issuance of Obligations in a form other than Notes, if appropriate, to evidence or secure a Member's payment obligations in respect of any Indebtedness, provided that such Obligations are equally and ratably secured with all other Obligations issued under the Master Indenture (except as otherwise provided in the Master Indenture);

(viii) to effect any other change that does not materially adversely affect the rights and interests of the Holders of any Notes or Obligations or any related Bonds; and

(ix) to correct, add or update provisions of the Master Indenture to preserve the exclusion of interest from gross income for federal income tax purposes on any Tax Exempt Bonds.

Modification of Indenture with Consent of Holders

With the consent of the Majority Applicable Holders, each Member, when authorized by official action of its Governing Person, and the Master Trustee may from time to time and at any time enter into an indenture or indentures supplemental to the Master Indenture (and make corresponding or additional amendments to any or all Mortgages) for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Master Indenture or of any Supplemental Indenture or of modifying in any manner the rights of the Holders of Obligations; provided, however, that (A) without the consent of the Holders of not less than 100% in aggregate principal amount of all Obligations then Outstanding, no such Supplemental Indenture shall permit the granting of any liens to secure Indebtedness in any manner other than as expressly permitted under the Master Indenture, and (B) without the consent of the Holders of all affected Obligations then Outstanding, no such Supplemental Indenture shall (1) effect a change in the times, amounts or currency of payment of the principal of, premium, if any, or interest on any other amounts payable on any Note or any other Obligation or a reduction in the principal amount or redemption price or any other amounts payable on any Note or any other Obligation or the rate of interest thereon, (2) reduce the aforesaid percentage of Obligations (or any subset of the same), the Holders of which are required to consent to any such Supplemental Indenture, or (3) permit the preference or priority of any Note or Notes or other Obligation over any other Note or Notes or other Obligation, except for preferences and priorities of Senior Obligations over Subordinate Obligations and of Subordinate Class A Obligations over Subordinate Class B Obligations.

Notwithstanding anything in the Master Indenture to the contrary, while any Senior Obligations remain Outstanding, the Holders of the Subordinate Obligations shall have no right of consent to any amendment, change or modification to the Master Indenture or the Mortgages other than as set forth in the Master Indenture. Any notices required under the Master Indenture shall be sent to the Holders of the Senior Obligations with a copy to the Holders of Subordinate

Obligations. By their purchase of the Subordinate Obligations, the Holders of such Subordinate Obligations shall be deemed to have consented to the provisions of the Master Indenture. Nothing in the Master Indenture shall permit, or be construed as permitting, without the consent of the Holders of all affected Outstanding Subordinate Class A Obligations, any amendment, change or modification to the Master Indenture or any of the Related Financing Documents that would cause any of the following effects: (1) an extension of the maturity date or redemption dates or the due date of any interest on any Subordinate Class A Obligation, (2) a reduction in the principal amount of any Subordinate Class A Obligation or the interest rate thereon, (3) a privilege or priority of any Subordinate Class A Obligation or Obligations over any other Subordinate Class A Obligation or Obligations, (4) a reduction in the aggregate principal amount of the Subordinate Class A Obligations required for consent to remedies or waivers of remedies in connection with the occurrence of an Event of Default under the Master Indenture, (5) an extension of the dates on which the Members' payments with respect to the Subordinate Class A Obligations are due, (6) the creation of any lien other than (A) a Permitted Lien or (B) a lien ratably securing all of the Subordinate Class A Obligations at any time Outstanding, or (7) the elimination or diminution of the lien securing the Subordinate Class A Obligations.

Notwithstanding anything in the Master Indenture to the contrary, while any Senior Obligations or any Subordinate Class A Obligations remain Outstanding, the Holders of the Subordinate Class B Obligations shall have no right of consent to any amendment, change or modification to the Master Indenture or the Mortgages other than as set forth in the Master Indenture. Any notices required under the Master Indenture shall be sent to the Holders of the Senior Obligations or if no Senior Obligations are Outstanding, to the Holders of the Subordinate Class A Obligations, with a copy in either case to the Holders of Subordinate Class B Obligations. By their purchase of the Subordinate Class B Obligations, the Holders of such Subordinate Class B Obligations shall be deemed to have consented to the provisions of the Master Indenture. Nothing in the provisions described in this paragraph shall permit, or be construed as permitting, without the consent of the Holders of all affected Outstanding Subordinate Class B Obligations, any amendment, change or modification to the Master Indenture or any of the Related Financing Documents that would cause any of the following effects: (1) an extension of the maturity date or redemption dates or the due date of any interest on any Subordinate Class B Obligation, (2) a reduction in the principal amount of any Subordinate Class B Obligation or the interest rate thereon, (3) a privilege or priority of any Subordinate Class B Obligation or Obligations over any other Subordinate Class B Obligation or Obligations, (4) a reduction in the aggregate principal amount of the Subordinate Class B Obligations required for consent to remedies or waivers of remedies in connection with the occurrence of an Event of Default under the Master Indenture, (5) an extension of the dates on which the Members' payments with respect to the Subordinate Class B Obligations are due, (6) the creation of any lien other than (A) a Permitted Lien or (B) a lien ratably securing all of the Subordinate Class B Obligations at any time Outstanding, or (7) the elimination or diminution of the lien securing the Subordinate Class B Obligations.

Notwithstanding anything in the Master Indenture to the contrary, any amendment or supplement that adversely affects the rights or obligations of the Holder of a Note securing a Hedge shall require the prior written consent of such Holder. Authentication of such Obligation securing a Hedge will in no manner prejudice the rights of the parties thereto under such agreement, including, without limitation, the right to enforce such Obligation against the

Member that is a party thereto in accordance with its terms and without reference to the terms and provisions of the Master Indenture.

Upon request of each Member, the Master Trustee shall provide written notice to all affected Holders of any proposed Supplemental Indenture or amendment to any Mortgage for which consent is to be sought, and upon the request of each Member, and upon the filing with the Master Trustee of evidence of the consent of Holders required under the terms of the Master Indenture, the Master Trustee shall join with each Member in the execution of such Supplemental Indenture or amendment to a Mortgage unless such Supplemental Indenture or amendment to a Mortgage adversely affects the Master Trustee's own rights, duties or immunities under the Master Indenture or otherwise, in which case the Master Trustee may in its discretion, but shall not be obligated to, enter into such Supplemental Indenture.

It shall not be necessary for the consent of the Holders under the Master Indenture to approve the particular form of any proposed Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof.

Amendments to Ground Leases

The Master Trustee may from time to time and at any time, without notice to or consent from any Holder, enter into (or permit the applicable Member to enter into) modifications, changes, supplements, alterations and amendments and replacements of (each a "Ground Lease Modification") to or of any Ground Lease, in accordance with the provisions of the related Mortgage, to cure any ambiguity or to correct or supplement any provision contained therein which may be defective or inconsistent with any other provision contained therein or to make such other provisions in regard to matters or questions arising thereunder as shall not be inconsistent with the Master Indenture or any indenture supplemental to the Master Indenture, with the related Mortgage, and shall not impair the security of the Master Indenture or adversely affect the interests of the Holders of any particular Notes or series of Notes or of any other Obligation issued under the Master Indenture, including, without limitation, (i) any Ground Lease Modification which consists solely of an extension of any existing Ground Lease, whether or not the ground rentals thereunder increase after the end of the then current term of the Ground Lease and any Ground Lease amendment that does not cause the Projected Debt Service Coverage Ratio resulting therefrom to fall below the then current Debt Service Coverage Ratio or, if lower, 1.50, and does not cause the Projected Senior Debt Service Coverage Ratio resulting therefrom to fall below the then current Senior Debt Service Coverage Ratio, or, if lower, 1.50.

The Master Trustee is authorized in the Master Indenture to join with each Member in the execution of any such Ground Lease Modification permitted by the Master Indenture to make any further appropriate agreements and stipulations which may be therein contained, but the Master Trustee shall not be obligated to enter into any such Ground Lease Modification that adversely affects the Master Trustee's rights, duties or immunities under the Master Indenture or otherwise.

The Master Trustee shall give prompt notice to the Holders in accordance with the Master Indenture of any proposed Ground Lease Modification not described above and may, with the consent of the Holders of the majority in aggregate principal amount of the Outstanding

Obligations (other than the Subordinate Class B Obligations), obtained in accordance with the procedures established in the Master Indenture, execute and deliver any such Ground Lease Modification (or permit the applicable Member to execute and deliver such Ground Lease Modification).

Persons Becoming Members

Any Person (other than the Initial Members) which is not a Member may become a Member, if:

(i) The Person which is becoming a Member shall execute and deliver to the Master Trustee a “Joinder Agreement,” satisfactory to the Master Trustee, containing the agreement of such Person (i) to become a Member of the Obligated Group under the Master Indenture and thereby become subject to compliance with all provisions of the Master Indenture pertaining to a Member, including, without limitation, the performance and observance of all covenants and obligations of a Member under the Master Indenture; (ii) covenanting to the Master Trustee and each other Member that it will pay all Obligations in accordance with the terms thereof and of the Master Indenture, and that it will be jointly and severally liable on each Obligation issued under the Master Indenture and (iii) pledging some or all of its Gross Revenues.

(ii) Each Joinder Agreement executed and delivered to the Master Trustee in accordance with the Master Indenture shall be accompanied by an Opinion of Counsel, addressed to and satisfactory to the Master Trustee, to the effect that (i) such Joinder Agreement has been duly authorized, executed and delivered by such Person, and constitutes the valid and binding obligation of such Person enforceable in accordance with its terms, except as limited by bankruptcy laws, insolvency laws and other laws affecting creditors’ rights generally and (ii) the proposed new Member is not subject to any previous commitments or encumbrances that would prohibit it from joining the Obligated Group and being subject to the Master Indenture.

(iii) The Master Trustee shall also have received (i) an Officer’s Certificate stating and demonstrating that, (A) immediately upon any Person becoming a Member, no other Member would, as part of or as a result of such transaction, be in default in the performance or observance of any covenant or condition to be performed or observed by it under the Master Indenture, and that the new Member is one hundred percent owned, directly or indirectly, by the Special Limited Member, and (B)(1) the conditions described in the Master Indenture for the Issuance of Additional Indebtedness could be met for the incurrence of one dollar of additional Indebtedness or (2) the ratio of (x) Revenues Available for Debt Service to (y) Indebtedness, for the period of twelve (12) full consecutive calendar months immediately succeeding the proposed date of the applicable transaction, is expected to be no less than it would have been had the Person not become a Member or (C) upon becoming a Member, the total Indebtedness of such new Member is separately forecasted to meet a Debt Service Coverage Ratio of at least 1.40 and such Member will covenant to use all commercially reasonable efforts to maintain this Debt Service Coverage Ratio, (ii) a certificate from the Independent Public Accountant for the Group Representative that the Independent Public Accountant reasonably expects to be able to provide to the Master Trustee, subsequent to the admission of the new Member to the Obligated Group, an annual certificate relating to the financial statements of the Members of the type required by

the Master Indenture, and (iii) an Opinion of Bond Counsel to the effect that consummation of such transaction would not adversely affect any applicable exemption from federal income taxation on the interest payable on any Tax-Exempt Bonds which were previously issued pursuant to and are secured by the Related Financing Documents for any Obligations or other Indebtedness incurred or permitted to be incurred under the Master Indenture or any similar Indebtedness of the new Member.

(iv) The Group Representative shall have approved in writing any such Person becoming a Member.

(v) The Group Representative shall have delivered to the Master Trustee a Confirmation of Rating and an Opinion of Counsel as to the enforceability of the Joinder Agreement.

Cessation of Status as Member

Each Member covenants that it will not take any action which would cause it to cease to be a Member unless (a) the Group Representative shall have consented thereto, and (b) prior to taking any such action, there is delivered to the Master Trustee an Officer's Certificate stating and demonstrating that the requirements of the Master Indenture are met as if the assets of the departing Member were being sold (see " - Sale, Lease or Other Disposition of Assets" above), and (c) all remaining Obligations of such Member not concurrently redeemed or defeased in accordance with the terms thereof are specifically assumed by the remaining Members to the extent required to preserve such Obligations as Obligations of the remaining Members.

Appointment of Group Representative; Authorization of Group Representative; Cessation of Status as Group Representative

Transportation Infrastructure Properties, LLC is designated in the Master Indenture as the Group Representative and agrees to assume the responsibilities of Group Representative pursuant to the Master Indenture.

Any provision in the Master Indenture to the contrary notwithstanding and subject to any applicable requirements of state or federal law, the Group Representative is authorized to bind the Obligated Group with respect to any Obligation issued or delivered pursuant to a Supplemental Indenture if the Supplemental Indenture so states, without further authorization from any other Member. Any such authorization is to be construed broadly in favor of the authorization of the Group Representative.

In the event that the Group Representative either (i) ceases to be a Member in accordance with the provisions of the Master Indenture, or (ii) while continuing as a Member, ceases to act as the Group Representative upon compliance with the provisions of the Master Indenture, the Members whose aggregate Total Revenues constitute at least 60% of the Total Revenues of the Obligated Group in the most recent Fiscal Year for which financial statements are available shall designate a Member to assume all of the responsibilities assigned under the Master Indenture to the Group Representative and shall send written notice of such designation to the Master Trustee. If no new Group Representative is so designated within 30 days after the prior Group Representative shall have ceased such status pursuant to clause (i) or (ii) above, any Member or

Members whose aggregate Total Revenues constitute at least 20% of the Total Revenues of the Obligated Group in the most recent Fiscal Year for which financial statements are available may assume the position of Group Representative by an instrument executed by all such Members and filed with the other Members and the Master Trustee.

Any Group Representative, while continuing as a Member, may cease to act as the Group Representative by giving the other Members and the Master Trustee at least 30 days' prior written notice of its intention to do so as long as a successor has been appointed.

Enforcement of Member's Obligations

Each Member agrees that the Group Representative shall be entitled to take all action it deems necessary or appropriate, including, without limitation, the institution of any legal or other proceedings, to enforce each Member's obligations under the Master Indenture and under all Joinder Agreements, and to cause each Member to make any of the transfers specified in the Master Indenture in order to meet the aforesaid obligations of each Member.

Satisfaction and Discharge of Master Indenture

If (A) all Hedges have been terminated and all amounts payable thereunder to any counterparty thereto have been paid in full and (B) the Master Trustee receives: (a) an amount which is (i) in the form of cash or Defeasance Collateral, and (ii) in a principal amount sufficient, together with the interest thereon and any funds on deposit under the Master Indenture and available for such purpose, to provide for the payment of the principal of and premium, if any, and interest on all Outstanding Obligations to and including the maturity date or prior redemption or prepayment date thereof; (b) irrevocable instructions to redeem all Obligations to be redeemed prior to maturity and to notify the Holders of each such redemption; and (c) an amount sufficient to pay or provide for the payment of all other sums payable under the Master Indenture by the Members of the Obligated Group or any thereof, then the Master Indenture shall cease to be of further effect, and the Master Trustee, on demand of the Group Representative, and at the cost and expense of the Members of the Obligated Group or any thereof, shall execute all such instruments acknowledging satisfaction of and discharging the Master Indenture as may be requested by the Members of the Obligated Group. Each Member agrees in the Master Indenture to reimburse the Master Trustee for any costs or expenses theretofore and thereafter reasonably and properly incurred by the Master Trustee in connection with the Master Indenture.

In like manner, the Member that issued any particular Obligation or the Group Representative may provide for the payment thereof (or of a portion thereof) at or prior to maturity and the Obligation (or portion thereof) so provided for shall thereupon cease to be Outstanding under the Master Indenture.

In lieu of the foregoing, the Member issuer of any particular Obligation may deliver to the Holder thereof the amount required under the Related Financing Documents to provide for the payment of the principal, premium, if any, and interest (and any other amounts) due or to become due in respect of such Obligation and such Obligation shall, upon surrender to the Master Trustee for cancellation, no longer be deemed Outstanding under the Master Indenture.

The sufficiency of any cash and Defeasance Collateral pledged to effect a defeasance pursuant to the Master Indenture shall be verified by an Independent Public Accountant. In addition, the Master Trustee shall receive an Opinion of Counsel to the effect that the defeasance has been effected in accordance with the requirements of the Master Indenture.

Members, Officers and Members of the Board and Governing Persons Exempt from Individual Liability

No recourse under or upon any obligation, covenant or agreement of the Master Indenture, or of any Notes or other Obligations issued under the Master Indenture, or for any claim based thereon or otherwise in respect thereof, shall be had against any Person (who is not also a Member of the Obligated Group) who is an incorporator, member, partner, officer or member of the board (if any), as such, past, present or future, of any Member or of any Governing Person, or of any successor Person, either directly or through such Member, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that the Master Indenture and the Obligations issued under the Master Indenture are solely company obligations, and that no personal liability whatever shall attach to, or is or shall be incurred by, the incorporators, members, partners, officers or members of the board (if any), as such, of any Member or of any Governing Person or any successor Person, or any of them, because of the creation of the Indebtedness authorized in the Master Indenture, or under or by reason of the obligations, covenants or agreements contained in the Master Indenture or in any Obligations issued under the Master Indenture or implied therefrom; and that any and all such personal liability of every name and nature, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such incorporator, member, partner, officer or trustee, as such, because of the creation of the Indebtedness authorized in the Master Indenture, or under or by reason of the obligations, covenants or agreements contained in the Master Indenture or in any Obligations issued under the Master Indenture or implied therefrom are expressly waived and released as a condition of, and as consideration for, the execution of the Master Indenture and the issuance of such Obligations.

Affiliated Holder Obligations

Certain Senior Obligations (“Affiliated Holder Obligations”) are to be issued under the Master Indenture to secure a Series of Bonds to be exclusively held by Affiliates or entities under common ownership or control with one or more of the entities owning, directly or indirectly, interests in one or more of the Members (each an “Affiliated Holder”). Notwithstanding anything in the Master Indenture to the contrary, so long as one or more Affiliated Holders collectively own all or a controlling portion of a Series of Bonds, to the extent that the collective Gross Revenues of the Members whose Projects are financed or refinanced with such Bonds secured by Affiliated Holder Obligations are insufficient to make payments in respect of such Affiliated Holder Obligations, such amounts with respect to Affiliated Holder Obligations shall be paid only after (1) the parallel payments with respect to other Senior Obligations and (2) the payments with respect to Subordinate Obligations securing or evidencing Indebtedness or other claims due and owing to Persons other than Affiliated Holders. In addition the Affiliated Holders shall have no right to direct the Master Trustee to declare an Event of Default or direct

remedies following an Event of Default while other Senior Obligations remain Outstanding, and shall have no right to vote to amend the Master Indenture so as to permit the foregoing.

APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE GROUND LEASES

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PART V - APPENDIX D**Summary of Certain Provisions of the Ground Leases**

The following is a summary of certain provisions of each Ground Lease with respect to each Project. It is only a brief outline of some of the provisions of each Ground Lease and does not purport to summarize or describe all of the provisions of such Ground Lease. Reference is to be made to each Ground Lease for the specific details thereof. Each capitalized term used in this summary shall have the meaning given to such term by such Ground Lease, as applicable.

Ted Stevens Anchorage International Airport*Leased Premises*

The leased premises consist of Lot 7, Block 4 consisting of approximately 536,538 square feet of land on the Ted Stevens Anchorage International Airport.

Term and Rent

The term of the Lease is 28 years from December 1, 2007 to November 30, 2035. The rent for the Premises is currently \$48,288.42 per year, calculated at the rate of \$0.09 per square foot per year. As of December 1, 2012 the rent for the Premises will be \$77,798.01 per year, calculated at the rate of \$0.145 per year. The rent is payable yearly in advance of the first day of each year of the term of the Lease. The Lessor may adjust the rent per square foot for the Lease. Any increase or decrease in the rental rate described above shall not be inconsistent with, but may adjust the rental rate to the maximum extent permissible under, any then-applicable provisions of 17 AAC 42.125, 17 AAC 42.295, or any other applicable law in effect on the effective date of the rent adjustment.

The Member has agreed to pay any Landing and aircraft parking fees established in the fee schedule adopted and modified from time to time by the Lessor under 17 AAC 42.125 for any aircraft operated by or on behalf of the Member. The Member has agreed to pay to the Lessor any applicable fuel flowage fee established in the fee schedule adopted and modified from time to time by the Lessor under 17 AAC 42.125.

Use of Premises

The following uses of the Premises are authorized under the Lease:

(i) Construction and operations of a building for Primary aircraft use, including aircraft ground handling, cleaning, maintenance, handling and processing of air cargo, and warehouse and office space associated with those uses. Also, other uses incidental to air transportation of passengers, mail, express and airfreight. However, the operation of a passenger terminal facility is not a permitted use.

(ii) Services to other carriers for selling of food and services to in-flight catering, uplifting and delivery to and from aircraft, and in-flight kitchen and food services. The Member also has the additional right to provide food and beverage catering services to locations on Ted Stevens Anchorage International Airport; however the Member is prohibited from providing food or beverage services in Lessor operated airline terminal buildings on the Airport, unless the Member is authorized to provide said services by an agreement executed by the Lessor.

(iii) Dispensing of aviation fuel and aviation lubricating oils for the purpose of refueling aircraft.

The following uses of the Premises are prohibited under the Lease:

(i) The outside storage of junk, salvage aircraft or vehicle parts, non-operational equipment, unused or damaged equipment or material, or solid waste or debris; except to the extent directly related to and in support of an authorized use and on a portion of the Premises visually screened from adjacent properties.

(ii) Stripping, wasting, or removing any soil, gravel, or other state-owned material unless the Lessor approves in writing; except that material may be relocated within the Premises as provided under an Airport building permit.

(iii) Pushing snow off the Premises to outside the Premises' boundaries without the written authorization of the Lessor;

(iv) Placing, spilling, or dumping garbage, trash, sewage, refuse, or other waste material except in a waste receptacle designed and provided for that purpose by the Member on the Member's Premises;

(v) Operating an incinerator or burning trash, brush, or other material without the written approval of the Lessor.

(vi) Installing a drinking water well where local water utility service is available.

(vii) The establishment or maintenance of any kind of temporary or permanent living quarters.

(viii) Selling or dispensing fuel off the Premises except as expressly authorized under an agreement with the Lessor.

(ix) Storage of 25,000 gallons or more fuel on Lot 7 of Block 4.

(x) Use of the Premises for helicopters.

Casualty and Condemnation

If the parties agree in writing that the Premises are unusable, not due to the fault or negligence of either party, to the extent that performance of the Lease is impossible, the Lease may be terminated. If the Member elects to continue to operate, the Lessor is under no obligation to continue to perform. If, during the term of the Lease, all or a portion of the Premises is taken by negotiation, court action, or otherwise by any entity or person vested with the power of eminent domain, including the Lessor, the provisions of 17 AAC 42.255, as amended and as applicable will govern.

Assignment and Subletting

The Member may not assign, assign for security purposes or sublease all or a portion of the Lease, including improvements, without the prior written consent of the Lessor.

Events of Default and Remedies

An event of default shall occur if the Member violates a term of the Lease which the Lessor considers to be a material obligation of the Lease or a material deviation from the requirements of the Lease. Without limitation, the following shall be deemed either violations of material obligations of the Lease or material deviations from the requirements of the Lease.

- (i) The Member fails to pay when due any rent, charge, or fee specified in the Lease, including any increase made under the Lease.
- (ii) The Member's check for payment of any rent, charge, or fee owed to the Lessor by the Member is returned for insufficient funds.
- (iii) The Member uses the Premises for any purpose not authorized by the Lease.
- (iv) The Member files a petition of bankruptcy, or one is filed against the Member.
- (v) A court enters a judgment of insolvency against the Member.
- (vi) A trustee or receiver is appointed for the Member's assets in a proceeding brought by or against the Member.
- (vii) The Member is in violation of a provision of AS 02 or 17 AAC 42.
- (viii) The Member fails to provide or maintain any performance bond required under the Lease.

The Lessor must provide written notice of the violation to the Member which allows the Member not less than 30 days to correct the violation (unless the violation constitutes an imminent threat to public health or safety). If the Member does not correct such violation within the allowed time, the Lessor shall (i) take enforcement action as provided under the Lease or as available by law; or (ii) cancel the Lease. If the Lessor determines that a violation creates an imminent threat to public health or safety, the Lessor shall (i) direct the Member to stop the activity immediately, (ii) provide the Member less time than otherwise specific in the Lease to correct the violation, or (iii) correct the violation.

Notwithstanding anything described above to the contrary, the Lessor shall not cancel the Lease or issue a notice of cancellation to the Member based upon a breach that cannot reasonably be cured within 30 days if the Member begins expeditious action to cure the breach within the 30-day notice period and continues diligent action to completion of cure.

Chicago O'Hare International Airport (North)*Leased Premises*

The leased premises consist of approximately 48.9 acres of land, together with the facilities, improvements, paving and structures then and thereafter located of the land, all located at Chicago O'Hare International Airport.

Term and Rent

The Term of the Lease commenced on February 5, 2002 and is scheduled to terminate on February 5, 2057.

The current annual Base Rent is \$1,177,529.40. Base Rent is currently payable at the rate of \$0.57 per square foot of the Land, because (i) the Lessor has furnished the required fill, and (ii) the Bonds (meaning bonds issued by the Lessor to finance the construction of improvements on the Premises) have been issued. So long as the Sublease (pursuant to which the landlord subleased a portion of the Premises from the Member) is in effect during the Term, Base Rent shall not be payable under the Lease as to the Subleased Land, calculated by deducting the product of the applicable per square foot rate of Base Rent from time to time, multiplied by the area of the Subleased Land.

In addition to the Base Rent, the Member has also agreed to pay the Lessor as additional rent an amount per annum equal to 3.25% of any Net Cash Flow generated by the Premises at the times and in the manner set forth in the Lease. The Member has also agreed to pay the Lessor as additional rent an amount equal to 7% of any Net Financing Proceeds or Net Sale Proceeds generated by the Premises, as the case may be, at the times and in the manner set forth in the Lease.

Use of Premises

The principal use of the Premises shall be for receiving, delivering, sorting, handling and storing freight or cargo of the Member (or any permitted subtenant) being transported to or having been transported from the Airport. Ancillary uses of the Premises include employee parking and parking of only those vehicles used by the Member (or any permitted subtenant) at the Premises and administrative offices relating to the Member's (or any permitted subtenant's) operations at the Premises not to exceed 25% in the aggregate of the useable area of Improvements at the Premises (or 28% for any one Building); and for such other uses only as the Lessor may approve in writing in its sole and absolute discretion.

All snow removed from areas of the Premises shall remain on the Premises, and the Member shall not dispose of such snow on Lessor property.

The following uses of the Premises are prohibited under the Lease:

- (i) So long as Bonds are outstanding, any use of the Premises which would prevent from qualifying the Project for tax-exempt financing under Section 142 of the Code.
- (ii) The parking on the Premises of automobiles of persons other than employees, agents, licensees and invitees of the Member at the Premises; no public parking being allowed.
- (iii) The Member may not alter or improve or use the Detention Pond Site described in the UAL Easement, so long as UAL (or a successor or subsequent grantee) has the right to use the Detention Pond Site for the same or similar purposes as are set forth in the UAL Easement.

Casualty and Condemnation

The Member is obligated to restore the improvements located the Premises following a casualty, provided that either the Lessor or the Member may terminate the Lease in the event that such casualty occurs during the last 24 months of the Term. The Lease will terminate automatically upon the occurrence of a taking of all or substantially all of the Premises, and Member is entitled to receive a portion of the award payable in connection with such taking in accordance with the terms of the Lease.

Assignment and Subletting

Except as otherwise set forth in the Lease, the Member shall not, without prior written consent of the Lessor (i) assign, transfer, mortgage, pledge, hypothecate or encumber or subject to or permit to exist

upon or be subjected to any lien or charge, the Lease or any interest under it (including any sublease or easement); (ii) allow to exist or occur any transfer of or lien upon the Premises, the Lease or the Member's interest in the Lease by operation of law; (iii) sublet the Premises or any part thereof; (iv) permit the use or occupancy of the Premises or any part thereof for any purpose not provided for in the Lease or by anyone other than the Member (or any permitted subtenant or occupant); or (v) permit an Ownership Change.

Events of Default and Remedies

The occurrence of any of the following shall constitute an Event of Default under the Lease.

(i) The failure by Member to pay any Rent as required under the Lease when due, and the failure to cure same within thirty (30) days after the giving of written notice thereof to Member;

(ii) The failure by Member on or after the date of the Lease to perform any representation, warranty or covenant or agreement or final court order applicable to the Premises required to be performed by Member in the Lease (other than as described elsewhere in this section) and the failure of Member to remedy such default within a period of thirty (30) days after written notice to the Member, or such additional time as may be reasonably necessary to remedy such default so long as Member is diligently and expeditiously proceeding to cure such default; provided, however, that (a) such additional time beyond 30 days shall not apply to a default that creates a present danger to persons or property or materially adversely affects the Lessor's interest in the Premises or the Airport, or if the failure or default by Member is one for which the Lessor (or any official, employee or other agent) may be subject to fine or imprisonment; (b) additional time beyond thirty (30) days allowed to remedy such default in completion of Improvements or performance of an obligation described in the Lease (1) shall not include Force Majeure Delay previously extending the Target Completion Date or other date for performance of an obligation as described in the Lease and (2) in the case of any failure by Member to complete the Improvements by the Target Completion Date, shall not exceed 12 months when taken together with other Force Majeure Delay extending performance of Member's obligation to complete Improvements by the Target Completion Date.

(iii) The discontinuance by Member of its conduct of its principal business at the Premises or the abandonment or vacation of the Premises during the Term; (excluding any period not to exceed 18 months when the Premises are more than 50% vacant [based on useable area] and Member is diligently attempting to relet the Premises).

(iv) If Member shall suffer or permit any lien or encumbrance to attach to the Premises or the leasehold interest of Member and Member shall not discharge said lien or encumbrance within thirty (30) days or within ten days prior to any sale or disposition or forfeiture pursuant to such execution, whichever date shall first occur, subject to the provisions of the Lease;

(v) If Member shall fail to carry all required insurance under the Lease and such failure continues for five days after written notice by the Lessor to Member;

(vi) Any material misrepresentation (including by omission) made by Member in the Lease or by Member or any Person having more than a ten percent direct or indirect ownership interest in Member in any affidavit, certification, disclosure or representation made by Member or any such person relied upon by the Lessor in execution of the Lease or in approving any request by Member submitted to the Lessor in accordance with the Lease;

(vii) Failure to comply with an order of a court of competent jurisdiction or proper order of a governmental agency relating to the Lease within the required time period.

(viii) The failure to deliver the estoppel certificate requested in the Lease within fifteen (15) days after written notice of failure to deliver within the time period required therein;

(ix) The default of Member under any lease agreement, or any indemnity agreement or any other agreement it may presently have or may enter into with the Lessor during the Term of the Lease and failure to cure said default within any applicable cure period. Member agreed that in case of an Event of Default under the Lease the Lessor also may declare a default under any future such agreements;

(x) Any material permit of Member allowing it to do business in the Lessor of Chicago or County has been revoked and is not reinstated within thirty (30) days;

(xi) The filing by Member of a voluntary petition in bankruptcy occurring on or after the date of the Lease, or if after the date of the Lease any involuntary petition in bankruptcy shall be filed against Member under any federal or state bankruptcy or insolvency act and shall not have been dismissed within 120 days from the filing thereof;

(xii) On or after the date of the Lease, the admission, in writing, by Member of its inability to meet its debts generally as they mature;

(xiii) The taking by a court of competent jurisdiction for a period of 120 days of all or substantially all of Member's assets pursuant to proceedings brought under the provisions of any federal reorganization act on or after the date of the Lease when possession is not restored to Member within 120 days after such taking;

(xiv) The appointment of a receiver on or after the date of the Lease of all or substantially all of Member's assets and Member's failure to vacate such appointment within 120 days thereafter;

(xv) The assignment by Member on or after the date of the Lease of all or substantially all its assets for the benefit of its creditors.

(xvi) (a) If any Guarantor shall be declared bankrupt or insolvent or shall make an assignment of its property for the benefit of creditors; or

(b) any Guarantor shall consent to the appointment of a trustee or receiver; or

(c) a trustee or receiver is appointed for any Guarantor, and such trustee or receiver shall not within 120 days have been discharged, or Guarantor has not within 120 days taken appropriate action to secure a review of such appointment and to appeal therefrom and to stay the taking of possession by such trustee or receiver pending such review or appeal; or

(d) bankruptcy, reorganization, arrangement or liquidation proceedings or relief under any bankruptcy law or other law for the relief of debtors are instituted by or against any Guarantor, and if instituted against any Guarantor are consented to by it or are not dismissed within 120 days after such institution; or

(e) the net worth of any Guarantor is less than the net worth required under the Guaranty (as it may be permitted under the Guaranty to be reduced) at any time there is any obligation or liability existing under its Guaranty or evidence of such net worth is not provided when required by Lessor, and if in any of the cases described in this Section xvi such act, event or failure has not been cured or corrected by the later to occur of (1) any cure period stated therein and (2) 120 days after occurrence of the act, event or failure. Such cure or correction may be effected by substitution of another Guarantor approved by Lessor as provided in the Lease who has assumed the liability and obligations under the Guaranty.

If it so elects, with or without notice or demand, if an event of default occurs, the Lessor may exercise any one or more of the following described remedies, in addition to all other rights and remedies provided in the Lease or at law or equity.

(i) The Lessor may terminate the Lease and the term created thereby, in which event the Lessor may forthwith repossess the Premises and be entitled to recover forthwith as damages: (a) all of the Rent accrued and unpaid for the period up to and including such termination date; (b) any other sums for which Member is liable or in respect of which Member has agreed to indemnify the Lessor under any provisions of the Lease which may be then due and owing; (c) damages for loss of the bargain and not as a penalty equal to the aggregate sum which at the time of such termination represents the difference between (1) the present value of the aggregate Rent and real estate taxes (as reasonably estimated by the Lessor) which would have been payable after the termination date had the Lease not been terminated, including, without limitation, Base Rent at the annual rate or respective annual rates for the remainder of the scheduled Term, and (2) the then present value of the then aggregate fair rental value of the Premises for the balance of the scheduled Term (net of any costs of releasing the Premises, including in such costs brokerage commissions, and other costs of preparing the Premises for reletting), such present worth to be computed in each case on the basis of the "discount rate" (as such term is hereinafter described) from the respective dates upon which such components of Rent would have been payable under the Lease had the Lease not been terminated; and (d) any damages in addition thereto, including reasonable attorneys' fees and court costs, which the Lessor sustains as a result of the breach of any of the covenants of the Lease other than for the payment of Rent. As employed in the Lease, the term "discount rate" shall mean the rate of interest equal to the average interest rate for United States treasury bills with a remaining term most closely approximating one-half of the remaining scheduled Term of the Lease, determined as of the date from and after which the present worth being computed;

(ii) The Lessor may terminate Member's right of possession and may repossess the Premises by taking peaceful possession or otherwise as provided in the Lease and described herein without terminating the Lease or releasing Member, in whole or in part, from Member's obligation to pay Rent under the Lease for the full Term. Upon and after entry into possession without termination of the Lease, the Lessor may relet the Premises or any part thereof for the account of Member, for such rent, for such time, and upon such terms as shall be satisfactory to the Lessor, and the Lessor shall not be required to accept any tenant offered by Member nor to observe any instructions given by Member about such reletting. For the purpose of such reletting, the Lessor is authorized to make any reasonably necessary repairs, alterations or additions in or to the Premises. If the Premises are relet and a sufficient sum shall not be realized from such reletting after paying all of the costs and expenses of such repairs, changes, alterations and additions and the other expenses of such reletting and of the collection of the rent accruing therefrom to equal or exceed the Rent provided for in the Lease for the balance of its Term, Member shall satisfy and pay such deficiency upon demand therefor;

(iii) The right to specific performance, an injunction or other appropriate remedy;

- (iv) The right to money damages, including special and consequential damages;
- (v) The right to deem Member non-responsible in future procurements by the Lessor; or

(vi) In case of a default described in (ii) above relating to Member's obligations under the Lease, the right to take over construction of work, at Member's cost. Without limiting any other rights of the Lessor, in the event the Lessor takes over the work, the Lessor shall be entitled to exercise all rights under the collateral assignments and other security granted to or available to Lessor under the Lease, and sureties thereunder shall remain liable to the Lessor upon such other security, and the proceeds thereof shall become the property of the Lessor;

(vii) Draw under the letter of credit and use the proceeds thereof, to the extent set forth in the Lease or use any Prepaid Rent, to pay or reimburse the Lessor for performance of Members' obligations or compensate the Lessor for any damages owed to the Lessor by Member; or

- (viii) Enforce any Guaranty.

The Lessor agreed that to the extent that the Lessor, in its capacity as tenant under the Sublease, would cause the Member to be in breach of its obligations under the Lease as a result of the Lessor's breach of its obligations or other acts or omissions under the Sublease, the Member shall not be deemed to have breached such obligations and shall not be liable to the Lessor under the Lease thereby. Further, to the extent the Lessor has imposed an obligation on the Member under the Lease which has not been imposed on the tenant under the Sublease, the Lessor may waive that requirement under the Lease conditionally or completely.

Chicago O'Hare International Airport (South)

Leased Premises

The leased premises consist of three parcels of land at Chicago's O'Hare International Airport: the Phase A Parcel (approximately 13.39 acres), the Phase B Parcel (approximately 18.2 acres) and the Phase C Parcel (approximately 17.50 acres). Since the execution of the Lease, the Phase A Parcel was divided into the Phase A-1 Parcel (approximately 6.85 acres) and the Phase A-2 Parcel (approximately 6.44 acres). The Phase A-1 Parcel was removed from the leased premises. Additionally, the Remaining Northeast Parcel (approximately 2.39 acres) was added to the leased premises.

Term and Rent

The term of the Lease shall terminate on August 1, 2042 (unless terminated sooner or extended as provided in the Lease). The Member has the option of extending the term of the Lease to September 14, 2055.

The current annual Base Rent is \$898,289.16. Annual Base Rent shall be computed by multiplying the Base Rent Multiplier by the sum of the total number of square feet of area of the Phase 1 Parcel, the Phase 2 Parcel and the Phase 3 Parcel and the Easement Area. Areas used in calculating the Base Rent shall not include any part falling in the Detention Area. Base Rent is payable in equal monthly installments. The "Base Rate Multiplier" shall be an amount equal to the product of (i) \$0.30, multiplied by (ii) the sum of (a) one, plus (b) 3% times the number of years previously elapsed during the Term. Base Rent applicable to the Remaining Northeast Parcel shall be equal to the product of the Base Rent Multiplier in effect from time to time multiplied by the area of the Remaining Northeast Parcel. For purposes of the Remaining Northeast Parcel, the "Base Rent Multiplier" as of each August 1st shall be the

product of (i) \$0.50, multiplied by (ii) the sum of (a) one plus (b) 3% times the number of years elapsed since August 15, 2003.

In addition to Base Rent, the Member has agreed to pay the Lessor as additional rent an amount per annum equal to 3.13% of the Net Cash Flow for each Lease Year and of any Net Financing Proceeds and Net Residual Proceeds generated by the Premises and the Project at the times and in the manner set forth in the Lease.

Use of Premises

The Member shall use and occupy the Premises as and for the construction of the Project and the operation of the Project for Airport Support Services and for no other purposes, unless otherwise consented to by the Lessor and permitted by applicable laws, codes, ordinances, rules, regulations and orders, and shall so continuously use the Premises throughout the Term. Any parking on the Premises shall only be accessory to erected and occupied improvements, and the Member shall not operate a public parking facility and shall not permit parking by persons other than the Member, space tenants and their licensees and invitees in connection with their use of the Premises. The Member may not use the Detention Area for any purpose other than drainage and storm water detention without the Lessor's consent.

Casualty and Condemnation

The Member is obligated to restore the improvements located the Premises following a casualty, provided that (a) if the casualty occurs during the last 3 years of the Term and the cost of restoring the improvements will exceed 75% of the replacement cost thereof, either Lessor or Member may terminate the Lease and (b) if the casualty occurs during the last 3 years of the Term, and the cost of restoring the improvements will exceed 75% of the replacement cost thereof or would take more than 12 months to complete, Lessor may terminate the Lease. The Lease will terminate automatically upon the occurrence of a taking of all or substantially all of the Premises, and Member is entitled to receive a portion of the award payable in connection with such taking in accordance with the terms of the Lease.

Assignment and Subletting

The Member may mortgage, hypothecate or pledge the leasehold estate created by the Lease and the interest of the Member in and to the Lease, together with the Member's right, title and interest in the Project subject to the terms of the Lease. The Member shall obtain the approval of the Lessor before subleasing portions of the Project.

Events of Default and Remedies

Subject to the provisions of the Lease, the occurrence of any one or more of the following events shall constitute an Event of Default under the Lease:

(i) If Member shall fail to pay any installment of Base Rent or Percentage Rent required to be paid by Member, when the same falls due under the provisions of the Lease and such default shall continue for ten (10) days after notice thereof by Lessor in writing to Member;

(ii) If Member shall default in the payment as provided in the Lease of any Impositions, or other sums required by the terms hereof to be paid by Member, and such default shall continue for twenty (20) days after notice thereof by Lessor in writing to Member;

(iii) If Member fails to commence construction of the Infrastructure Improvements, Project or any portion or Phase thereof on or before the dates set forth in the Lease for commencement of construction, as extended for Force Majeure Delays, but subject to the time limits set forth in the Lease;

(iv) If Member fails to Substantially Complete construction of any Phase or Infrastructure Improvements of the Project within the time period required by the Lease, as extended for Force Majeure Delays, but subject to the time limits set forth in the Lease;

(v) If Member shall default in the performance of any covenant, promise or agreement on the part of Member contained in the Lease not otherwise specified in the Lease and described herein and such default shall continue for thirty (30) days after notice thereof in writing by Lessor to Member, or if such default or condition which gives rise thereto cannot with due diligence and good faith be cured within such thirty (30) day period, if Member shall not in good faith and within the period of thirty (30) days commence the curing of such default and pursue the curing of such default continuously and diligently and in good faith to the end that such default shall be cured within such minimum period in excess of thirty (30) days as may be reasonably necessary to cure such default through pursuing such cure promptly, diligently, continuously and in good faith; provided, however, that such additional period beyond thirty (30) days shall not apply to a default that creates a clear and present danger to persons or property or materially adversely affects the Lessor's interest in the Premises or the Project or the Airport, or if the failure or default by Member is one for which Lessor (or any officer or other agent or beneficial or other owner thereof) may be subject to fine or imprisonment;

(vi) If Member shall suffer or permit any lien or encumbrance (other than as permitted pursuant to the Lease) to attach to the Premises or the leasehold interest of Member or the Project and Member shall not discharge said lien or encumbrance within thirty (30) days or within ten (10) days prior to any sale or disposition or forfeiture pursuant to such execution, whichever date shall first occur; or

(vii) If Member shall be declared bankrupt or insolvent or shall make an assignment of its property for the benefit of creditors;

(viii) If Member shall consent to the appointment of a trustee or receiver of Member or for any portion of the Premises or the Project or its interest therein;

(ix) If a trustee or receiver is appointed for Member or for its interest in the Premises or the Project or any parts thereof and such trustee or receiver shall not within sixty (60) days have been discharged, or Member has not within sixty (60) days taken appropriate action to secure a review of such appointment and to appeal therefrom and to stay the taking of possession by such trustee or receiver pending such review or appeal;

(x) If bankruptcy, reorganization, arrangement or liquidation proceedings or relief under any bankruptcy law or other law for the relief of debtors are instituted by or against Member, and if instituted against Member are consented to by it or are not dismissed within sixty (60) days after such institution;

(xi) If Member shall default under the terms of any Leasehold Mortgage and such default continues beyond any applicable notice, grace and cure periods;

(xii) If Member shall fail to carry all required insurance under the Lease and such failure continues for five (5) days after written notice by Lessor to Member; or

(xiii) Any material misrepresentation (including by omission) made by Member in the Lease or by Member or any Person having more than a ten percent (10%) direct or indirect ownership interest in

Member in the Lease, the Affidavit or any affidavit, certification, disclosure or representation made pursuant to the Lease;

(xiv) If Member shall fail to comply with an order of a court of competent jurisdiction or proper order of a governmental agency within the required time period; or

(xv) (a) If any Guarantor shall be declared bankrupt or insolvent or shall make an assignment of its property for the benefit or creditors;

(b) any Guarantor shall consent to the appointment of a trustee or receiver;

(c) a trustee or receiver is appointed for any Guarantor, and such trustee or receiver shall not within sixty (60) days have been discharged, or Guarantor has not within sixty (60) days taken appropriate action to secure a review of such appointment and to appeal therefrom and to stay the taking of possession by such trustee or receiver pending such review or appeal;

(d) bankruptcy, reorganization, arrangement or liquidation proceedings or relief under any bankruptcy law or other law for the relief of debtors are instituted by or against any Guarantor, and if instituted against any Guarantor are consented to by it or are not dismissed within sixty (60) days after such institution; or

(e) the net worth of any Guarantor is less than the net worth required under the Guaranty (as it may be permitted under the Guaranty to be reduced) at any time there is any obligation or liability existing under its Guaranty or evidence of such net worth is not provided when required by Lessor, and if in any of the cases described in this Section (xv) such act, event or failure has not been cured or corrected by the later to occur of (1) any cure period stated therein and (2) sixty (60) days after occurrence of the act, event or failure. Such cure or correction may be effected by substitution of another Guarantor approved by Lessor who has assumed the liability and obligations under the Guaranty.

Subject to the provisions of the Lease, upon the occurrence of any Event of Default, Lessor may at its option exercise any one or more or any combination or series of any one or more of the following remedies:

(i) Irrespective of whether Lessor has previously availed itself of its remedies under described under (ii) below, Lessor may at any time during the continuance of such Event of Default terminate the Lease and declare the Term ended by giving Member notice of such termination, stating the date upon which such termination shall take effect, which date shall not be earlier than ten (10) days from the date of Member's receipt of such notice, whereupon the Lease and the Term shall expire and terminate on the date specified in such notice and Lessor shall thereupon have the right without further notice and either with or without process of law to reenter the Premises and to remove Member and to repossesses the Premises and the Project.

(ii) Lessor may at any time during the continuance of such Event of Default terminate the right to possession of the Premises and the Project, and any parts thereof, by Member and all persons or other entities claiming by, through or under Member, by giving Member notice of such termination of possession, stating the date upon which such termination shall take effect (which date shall not be earlier than ten (10) days from the date of Member's receipt of such notice), whereupon Member and all persons or other entities claiming by, through or under Member shall then quit and surrender the Premises and the Project to Lessor, but Member shall remain liable as provided in the Lease.

(iii) Lessor may enforce the provisions of the Lease and may enforce and protect the rights of Lessor under the Lease by suit or suits in equity or at law for the specific performance of any covenant or agreement contained in the Lease or for the enforcement of any other appropriate legal or equitable remedy; and

(iv) Lessor shall be entitled to recover from Member all the rent and other sums payable by Member or for which Member may be obligated for the period up to and including the date that the Lease expires or is sooner terminated (exclusive of options to renew which have not been exercised), and any other actual damages which Lessor shall have sustained by reason of the breach of any of the terms, covenants, or conditions of the Lease

Upon the termination of Member's rights of possession without terminating the Lease, either pursuant to the provisions of the Lease described in (ii) above or by summary dispossession proceedings or under any provisions of law now or at any time hereafter in effect by reason of a default under or breach of the Lease on the part of Member, or in case of the termination of the Lease pursuant to the provisions of the Lease described in (i) above, and without limiting any rights conferred upon Lessor in the event of Member's default or in the event of Lessor's repossession of the Premises, and whether or not the Premises or any part thereof be relet, Member shall pay to Lessor the Rent, Impositions and all charges or impositions required to be paid by Member up to the time of such termination of the Lease or the time of such termination of the right of possession without terminating the Lease, as the case may be.

Upon the termination of Member's right of possession without terminating the Lease, either pursuant to the provisions of the Lease described in (ii) above or by summary dispossession proceedings or under any provisions of law now or at any time hereafter in effect by reason of a default under or breach of the Lease on the part of Member, Lessor may, at any time and from time to time, relet the Premises and let the Project and its related improvements or any part or parts thereof, for the account of Member or otherwise, and collect the rent therefor, applying the same first to the payment of such reasonable expenses as Lessor may have incurred in recovering possession of the Premises or in taking possession of the Project, and its related improvements, and for putting the same into good order or condition for re-rental and all other expenses, commissions and charges paid, assumed or incurred by Lessor in or about reletting the Premises and then to the fulfillment of the covenants of Member under the Lease. Any such reletting may be for the remainder of the Term as originally granted or for a longer or shorter period. Thereafter, Member covenants and agrees, if required by Lessor, at Lessor's election, to pay to Lessor until the end of the Term the equivalent of the amount of all the Rent and Impositions and all other charges or impositions required to be paid by Member, less the net avails of reletting, if any, and the same shall be due and payable monthly by Member to Lessor, that is to say, Member shall pay to Lessor the amount of the deficiency (each such amount being referred to herein as a "Deficiency Installment") then existing together with the costs and expenses of Lessor. Member further agrees that Lessor may file suit to recover any sums falling due under the terms of the Lease from time to time and that no suit or recovery of any portion due Lessor under the Lease shall be any defense to any subsequent action brought for any amount not theretofore reduced to judgment in favor of Lessor.

If the Lease is terminated by Lessor pursuant to the provisions of the Lease described in (i) above, then whether or not Lessor shall have previously availed itself of its remedies described in (ii) above or collected any Deficiency Installments as described in the preceding paragraph, Lessor shall be entitled to recover as damages for loss of the bargain and not as a penalty (i) the aggregate sum which at the time of such termination represents the difference between (a) the present value of the aggregate Rent and Impositions (as reasonably estimated by Lessor) which would have been payable after the termination date had the Lease not been terminated, including, without limitation, Base Rent at the annual rate or respective annual rates for the remainder of the scheduled Term provided for in the Lease and the amount projected by Lessor to represent Impositions and Percentage Rent for the remainder of the scheduled

Term pursuant to the Lease, and (b) the then present value of the then aggregate fair rental value of the Premises for the balance of the scheduled Term (net of any costs of releasing the Premises, including in such costs brokerage commissions, and other costs of preparing the Premises for reletting), such present worth to be computed in each case on the basis of the "Discount Rate" (as such term is described herein) from the respective dates upon which such components of Rent would have been payable under the Lease had the Lease not been terminated, and (ii) any damages in addition thereto, including reasonable attorneys' fees and court costs, which Lessor sustains as a result of the breach of any of the covenants of the Lease other than for the payment of Rent. As employed in the Lease, the term "Discount Rate" shall mean the rate of interest equal to the average interest rate for United States treasury bills with a remaining term most closely approximating one-half of the remaining scheduled Term of the Lease, determined as of the date from and after which the Rent is being accelerated. In determining Member's obligations to pay damages as described in this paragraph, Member shall receive ratable credit for any Deficiency Installments previously paid by Member relating in whole or in part to the period from and after the termination of the Lease. It was agreed that if the Premises or any substantial part thereof shall have been relet by Lessor for the period which otherwise would have constituted the unexpired portion of the Term, or any part thereof, the amount of rent reserved upon such reletting shall be deemed, prima facie, to be the fair and reasonable rental value for the part or the whole of the Premises so relet during the term of the reletting.

Rickenbacker International Airport (Columbus, Ohio)

Leased Premises

The leased premises consist of a 500,940 square-foot tract of real property, along with certain non-exclusive rights of ingress and egress and all easements, rights of way or use, licenses, privileges, franchises, servitudes, tenements, hereditaments and other appurtenances now or after belonging to or anywise appertaining to the Hub Site Premises including, without limitation, all right, title and interest in any public or private street, open or proposed, or utility or utility line serving the Hub Site Premises.

Term and Rent

The term of the Lease expires on December 31, 2055, unless sooner terminated as provided in the Lease. The Member agreed to pay or cause to be paid an initial annual rent for the Hub Site in the amount of \$1,500 multiplied by the acreage of the Hub Site Building and Hangar Area, in quarterly installments, in advance. On January 1, 2000 and every ten years thereafter, the Lessor and Member designate independent real estate appraisers who will establish the then fair market rental value of the Hub Site Building and Hangar Area as if unencumbered and unimproved, except to the extent of off site roads, utilities and other improvements existing at the beginning of the applicable Appraisal Adjustment Period. The determination shall become the then applicable Ground Rent (unless such fair rental value would result in a decrease in the Ground Rent in which case the Ground Rent shall remain unchanged) for the five-year period after the Appraisal Adjustment Period. On January 1, 2005 and every ten years thereafter, the Lease shall be automatically increased, but shall never be decreased, based on a CPI Adjustment. The current annual Ground Rent is \$24,775.31.

Use of Premises

Subject to the provisions of the Lease described below regarding the use of the Ramp Areas, Member and its subtenants and sub-subtenants shall have the right to use the Hub Site for the purpose of carrying on an air and land cargo business. In its use of the Hub Site, Member shall have the right to locate, maintain and operate (i) aircraft servicing or repair facilities, (ii) storage space for aircraft, equipment, machinery and any and all other materials or supplies necessary or appropriate for the use and

conduct of its or its subtenants or sub-subtenants business, (iii) repair shops for the repair or servicing of aircraft, engines, run-up stands, instruments, propellers, accessories, avionics, ground support equipment, materials handling equipment, automobiles, trucks, tractors, trailers, tools, machinery and any other equipment as may be used in the conduct of its or its subtenants or sub-subtenants business, (iv) a general office, and (v) any other facilities necessary or convenient to the conduct of the operation of an air and land cargo transportation business. Without limiting the generality of the preceding sentence, Member and its subtenants and sub-subtenants may use the Hub Site to: (i) repair, maintain, condition, service, test, park or store aircraft and other equipment; (ii) train personnel in the service or employ of, or to be employed by Member or its subtenant or sub-subtenant, any other person or entity engaged in the carriage of persons, property, or mail by aircraft, or any governmental entity; provided that such training shall not constitute basic flight training or other training prohibited under the Airport Compliance Requirements; (iii) sell, lease, transfer, dispose or exchange aircraft, engines, accessories and other equipment or supplies; (iv) service aircraft and other equipment operated by Member or its subtenants or sub-subtenants, by truck or otherwise, with aviation fuel, propellants, lubricants or any other materials or supplies required by Member or its subtenants or sub-subtenants; (v) land, take-off, fly, taxi, tow, load and unload aircraft or other equipment used by Member or its subtenant or sub-subtenant in the conduct of their respective transportation businesses pursuant to the direction and control of the air traffic control tower and subject to the Airport Compliance Requirements; (vi) sell transportation services, bill and collect fees for those services, schedule and monitor flights, load, unload, transfer, exchange and temporarily store cargo, keep business records, and conduct other office and administrative activities reasonably related to Member's or its subtenant's or sub-subtenant's air and land cargo business; and (vii) operate a twenty-four hour airfreight central hub facility for the complete receiving, collection, handling, sorting, servicing, transshipping and delivering (including support services, such as executive offices, training facilities, computer services, repair facilities and other similar services) of all types of cargo by airplanes, trucks, and other forms of transportation and for related commercial uses and purposes.

Member's and its subtenants' and sub-subtenants' permitted uses of the Hub Site as described in the foregoing paragraph permit Member and its subtenants and sub-subtenants to provide certain aeronautical services on the Hub Site. Member and its subtenants and sub-subtenants, respectively, shall be permitted to provide such aeronautical services to themselves, but, notwithstanding anything in the Lease to the contrary, in order to provide such aeronautical services to any other party, Member and its subtenants and sub-subtenants shall be required to enter into a license agreement or agreements (in the form of Lessor's nonexclusive license agreement) in order to provide such aeronautical services to any other party.

Notwithstanding anything in the Lease to the contrary, Member shall not use, or permit or suffer the use of, the Hub Site or any part thereof for any unlawful purpose, in violation of the Airport Compliance Requirements, including the FAA Airport Compliance Requirements, or in violation of any occupancy permit(s) issued in respect thereof. Member shall not commit or suffer waste to the Hub Site.

Notwithstanding anything in the Lease to the contrary, any material change, revision, or modification to the permitted uses of the Airfield and Quit-Claim Deed Premises under the Rickenbacker International Airport Master Plan which would prohibit, materially change, or materially affect any use or operation of the Hub Site permitted under the provisions of the Lease described in this section as of the date of the execution of the Lease, must be approved in advance by Member. In addition, Member shall have the right to review and comment upon any other proposed changes, revisions, or modifications to the Rickenbacker International Airport Master Plan, including any such changes, revisions, or modifications relating to the Non-Hub Site Premises.

Lessor and Member acknowledged that access to and use of the Ramp Areas is an important aspect of Lessor's operation of the Airfield as a public airport and that certain Ramp Areas were

constructed with public funds, and Member was willing to permit use of the Ramp Areas by Lessor and other users of the Airfield whom Lessor permits to use the Ramp Areas, provided that Member and its subtenants and sub-subtenants have preferential rights to use the Ramp Areas as set forth in the Lease. Therefore, the leasehold rights granted to Member under the Lease with respect to that part of the Hub Site which comprises the Ramp Areas are nonexclusive.

Member and its subtenants and sub-subtenants shall have a preferential right to use Ramp Area A and Ramp Area B for the uses permitted under the Lease as described above based on its then existing business needs. Member recognized that the Airport Manager may authorize use of any open and available portion of Ramp Area A and Ramp Area B so long as such use does not unreasonably interfere with any of Member's or its subtenants' or sub-subtenants' permitted uses under the Lease as described above; and provided that if any nonaeronautical related use shall interfere with access to any fueling hydrant and aircraft parking space associated with such fueling hydrant on other than an occasional basis, unless such use is permitted in the Airport Use Agreement of the subtenant or sub-subtenant so interfering or unless such fueling hydrant and aircraft parking space associated with such fueling hydrant is not then required by RPA to service aircraft, Member shall compensate Lessor for the loss of and/or replace such fueling hydrant in such manner as may be agreed to by Lessor and Member.

Member and its subtenants and sub-subtenants shall have a preferential right to use the Taxilanes for the taxiing and maneuvering of aircraft and for access of aircraft, trucks and other vehicles and pedestrians to and from Ramp Area A and Ramp Area B, the Hub Site Building, and the Hangar Area; provided, however, Member recognized that the Airport Manager may authorize use of the Taxilanes for the taxiing and maneuvering of aircraft by other users of the Airfield so long as such use does not interfere with any taxiing, maneuvering or access by Member or its subtenants or sub-subtenants.

Notwithstanding any provision of the Lease to the contrary, no subtenant or sub-subtenant shall have the right to use the Ramp Areas without first entering into an Airport Use Agreement with Lessor consistent with the provisions of the Lease described in this section.

Notwithstanding anything in the Lease and any Airport Use Agreement to the contrary, Lessor shall not charge or otherwise assess Member or its subtenants or sub-subtenants parking or tie-down fees relating to their parking of aircraft owned, or controlled by, or serving Member or its subtenants or sub-subtenants, as the case may be, on Ramp Area A and Ramp Area B.

Nothing in the Lease to the contrary shall impact or reduce the rights of Federal Express under its current Airport Use Agreement, and RPA agrees that such Airport Use Agreement shall remain in effect in accordance with its terms unless modified or amended by RPA and Federal Express, or termination or expiration in accordance with its terms.

Notwithstanding anything in the Lease and any Airport Use Agreement to the contrary, the Member and its subtenants (and their sub-subtenants) shall have the right at all times during the Term of the Lease to park Boeing 727-200 series aircraft in their then-current configuration (including a length of approximately 153 feet) nose-in and perpendicular to the north side of the Hub Site Building in a manner so that the nose wheel of such aircraft shall be placed not more than 67 feet from the Hub Site Building without regard to the effect that such parked aircraft may have on the use of the Taxilane located to the north of the Hub Site Building.

Casualty and Condemnation

The Member is obligated to restore the improvements located the Premises following a casualty. If the Member fails to complete such restoration within 2 years following the occurrence of such casualty,

Lessor may terminate the Lease. The Lease will terminate automatically upon the occurrence of a taking of all or substantially all of the Premises, and Member is entitled to receive a portion of the award payable in connection with such taking in accordance with the terms of the Lease.

Assignment and Subletting

The Member has the right to assign the Lease and its rights in or to the Hub Site, or all or any part of the rights or obligations of the Member under the Lease, with the prior written consent of the Lessor, which shall not unreasonably be withheld or delayed. If the Member is not in material default under the Lease, the Member may sublease and may permit sub-subleases of all or any part of the Hub Site, from time to time or at any time, with the prior consent of the Lessor, which consent shall not be unreasonably withheld and shall be based in good faith solely on the criteria set forth in the Lease. Without the prior consent of the Member, which consent shall not unreasonably be withheld, the Lessor shall not convey, or enter into any contract to convey, all or any part of its right, title or interest in or to the Hub Site to any person or entity.

Events of Default and Remedies

Member shall create an Event of Default under the Lease if:

(i) Member shall fail to pay any installment of Ground Rent or other amounts required to be paid or expended by it under the provisions of the Lease, when the same shall become due for payment, and if such default shall remain uncured for more than fifteen (15) consecutive calendar days after written notice of such default shall have been given to Member by Lessor.

(ii) Member shall fail to perform or comply (a) with any non-monetary obligation of Member under the Lease or any other document executed or delivered in connection with the Lease or (b) with any other term or provision of the Lease or any other document executed or delivered in connection with the Lease, and if Member shall not commence the correction of such default within thirty (30) days after written notice of such default from Lessor and shall not complete such correction within a reasonable time, or, in the case of a failure to comply with the terms of the Airport Compliance Requirements, such shorter period of time as may be specified for the correction of defaults thereunder.

(iii) Member shall make an assignment for the benefit of creditors, or if Member's interest in the Hub Site is sold upon execution or other legal process.

(iv) Member shall suffer a receiver to be appointed in any action or proceeding by or against Member and such action or proceeding is not stayed or discharged within sixty (60) days after the commencement thereof, or if Member is a party to any insolvency proceeding conducted pursuant to the laws of any state or of a political subdivision of any state and such proceeding is not stayed or discharged within sixty (60) days after the commencement thereof, or if Member shall be or become, either voluntarily or involuntarily, a debtor in any case commenced under the provisions of the U.S. Bankruptcy Code, as amended and such case is not stayed or discharged within sixty (60) days after the commencement thereof.

In the event that Member shall create or suffer an Event of Default under the Lease, Lessor shall have the right, by giving an election notice as prescribed in the Lease, to elect any or all of the following:

(i) In the event that Member shall wrongfully or mistakenly conceal, withhold, or divert payment of Ground Rent or any other amounts required to be paid by it under the provisions of the Lease, Lessor shall have the right to (i) terminate the Lease and to repossess and expel Member from the Hub

Site, (ii) obtain and seek a judgment for damages against Member as a result of such wrongful or mistaken concealment, withholding, or diversion of payment, (iii) and with respect to any sublease of Member applicable to the Hub Site, Lessor shall have the right to assume the responsibilities and obligations of the sublessor thereunder and to receive all monies and other benefits payable thereunder.

(ii) In the event of any Event of Default (other than an Event of Default described in (i) above), to obtain and seek a judgment for damages against Member as a result of such Event of Default.

(iii) Notwithstanding the provisions of the Lease described in (i) above, in the event that Lessor terminates the Lease and repossesses the Hub Site, the estates, rights and interests of all sublessees of Member shall be undisturbed, and shall remain in full force and effect, and Lessor shall accept such sublessee so long as such sublessee is not in default under its sublease and makes all payments required thereunder directly to Lessor.

If Member shall create or suffer an Event of Default under the Lease, Lessor may (but shall not be required to) cure such default on behalf of Member (without thereby waiving any of the rights otherwise afforded to Lessor under the Lease by reason of such default), and the amount of the reasonable cost incurred by Lessor in curing any such default shall be paid by Member to Lessor on demand, together with interest thereon at the rate of 18% per annum, or at the maximum rate of interest permitted by law, if less than 18% per annum, from the date or dates of payment thereof by Lessor.

If Lessor shall at any time or from time to time be in default in the performance of any obligation of Lessor under the Lease, including without limitation Lessor's failure to maintain the Ramp Areas and Lessor's Improvements as provided in the Lease, and if such default continues for more than 30 days after Lessor's receipt of notice of such default from Member, or such shorter period of time as may be reasonable in the event of an emergency materially impacting Member's, or its subtenants' or sub-subtenants' use of the Hub Site, or such longer period of time as may be required if such default is such that it cannot be cured within such 30-day period and Lessor within such 30-day period commences to cure such default and thereafter proceeds with due diligence to complete such cure, Member may (but shall not be required to) cure such default on behalf of Lessor and the amount of the reasonable cost incurred by Member in curing any such default shall be paid by Lessor to Member on demand, together with interest thereon at the rate of 18% per annum, or at the maximum rate of interest permitted by law, if less than 18% per annum, from the date or dates of payment thereof by Member.

In addition to any other right or remedy which either party has under the Lease, at law or in equity, in the event of a default by either party under the Lease, the nondefaulting party shall be entitled to apply to the Common Pleas Court of Franklin County, Ohio, to specifically enforce the provisions of the Lease.

Dallas-Fort Worth International Airport

The Mortgage with respect to the Member's Lease encumbers the Grapevine Member's interests in 6 separate ground leases with respect to each of Buildings 1, A through D (one lease), E, 5E, and 1830, and 1840/1850 at Dallas-Fort Worth International Airport..

Leased Premises

The leased premises consist of (i) approximately 136,329 square feet of land together with certain rights and interests with respect to Building 1 at the Dallas-Fort Worth International Airport (the "DFW 1 Lease"), (ii) approximately 444,230 square feet of land together with certain rights and interests in Buildings A through D at the Dallas-Fort Worth International Airport (the "DFW A-D Lease"), (iii)

approximately 1.837 acres of land together with certain rights and interests with respect to Building E at the Dallas-Fort Worth International Airport (the “DFW E Lease”), (iv) approximately 32.670 acres of land at Dallas-Fort Worth International Airport (the “DFW 5E Lease”), (v) approximately 4.963 acres of land at Dallas-Fort Worth International Airport (the “DFW 1830 Lease”) and (vi) approximately 6.973 acres of land at Dallas-Fort Worth International Airport (the “DFW 1840/1850 Lease”).

Term and Rent for DFW 1 Lease, DFW A-D Lease, DFW E Lease and DFW 5E Lease

The DFW 1 Lease is scheduled to expire on August 31, 2020, without further option to extend. The DFW A-D Lease is scheduled to expire on December 31, 2014 and may be extended by the Member for a period of five years. The DFW E Lease is scheduled to expire July 31, 2025 and may be extended by the Member for two five-year renewal periods. The DFW 5E Lease is scheduled to expire on June 6, 2029.

The current annual rental for the DFW 1 Lease is \$86,047.60, the current annual rental for the DFW A-D Lease is \$280,445.02; the current annual rental for the DFW E Lease is \$50,517.48; the current annual rental for the DFW 5E Lease is \$885,374.77. The rental payments are determined by the Airport Board and are subject to change.

Term and Rent for DFW 1830 Lease and DFW 1840/1850 Lease

The DFW 1830 Lease is scheduled to expire on May 31, 2025. The DFW 1840/1850 Lease is scheduled to expire on June 30, 2026.

The current annual rental for the DFW 1830 Lease is \$86,394.12. The current annual rental for the DFW 1840/1850 Lease is \$125,320.80. The rent is payable in advance monthly. The annual rent is escalated every five years based on the aggregate of the Dallas-Forth Worth area Consumer Price Index as described in the Lease.

Use of Premises for DFW 1 Lease, DFW A-D Lease and DFW E Lease

The Member, and all the Member’s approved sublessees and assignees, may use the premises only for the limited purpose of air and ground cargo operations and related activities, including the receiving, forwarding, and transportation of property, cargo, express and freight and all related activities; fueling, washing, dispatching, maintenance, repair and servicing of its aircraft and its motor vehicles, servicing and cleaning of its personal property, business and general offices and storage associated with maintaining airport related vehicles; parking for employees and visitors, and any other activity approved in writing by lessor.

On June 27, 2011, the DFW-1 Lease was amended to allow the following uses: operations of a pet hotel and resort, including pet boarding, grooming, daycare, pet training, sale of pet related products and operations reasonably related thereto and such other lawful purposes as may be incidental to such use.

Use of Premises for DFW 5E Lease

The Member may use the Premises as a cargo facility, cabin service facility, material distribution facility, aircraft deicing facility, vehicle service area (including but not limited to fuel storage and dispensing, equipment wash and lavatory and disposal facilities area), mail sort facility, ground support equipment maintenance facility, and employee parking lot, and activities related to any of the foregoing, and for no other purposes whatsoever, unless expressly consented to in writing by the Executive Director.

The Member shall not:

- (i) Install on the Premises or in any public area any vending machine or device designed to dispense or sell food, beverages, tobacco, tobacco products or merchandise of any kind, nor operate any restaurant, cafeteria, kitchen, stand, or other establishment for the purpose of dispensing or selling such products to any member of the public, other than to Member's employees, officers and business invitees, without approval of the Board's Executive Director, in advance.
- (ii) Create, commit or maintain any factual or legal nuisance on the Premises and shall not do or permit to be done anything which may result in the creation, commission or maintenance of a nuisance on the Premises.
- (iii) Violate any provision of the Airport Building Code or the Airport Fire Code.
- (iv) Permit the accumulation of an unreasonable amount of paper, cans, bottles, wrappers, rags, trash, junk or debris on the Premises. If such accumulation occurs and continues, Board shall give notice to Member, in writing, to clean the Premises. If such clean-up is not accomplished within seven (7) days of the date of the notice, Board, after written notice to Member, may proceed to effect such clean-up and may levy a civil contract charge at prevailing wage rates for the necessary clean-up time. If such charge is not paid within sixty (60) days of the date of the Board's clean-up, Board may declare a default under the provisions of the Lease.

Use of Premises for DFW 1830 Lease and DFW 1840/1850 Lease

The Member may use the Premises for the following purposes only:

- (i) The storage, distribution, inspection, assemblies of products associated with a business using the Foreign Trade Zone (such use being consistent with the rules, regulations and laws concerning Foreign Trade Zones) or a business associated with air cargo and freight forwarding;
- (ii) General Offices and storage associated with the business using the Foreign Trade Zone or a business involved in air cargo storage and freight forwarding;
- (iii) Parking for Member's employees;
- (iv) Parking for business invitees; and
- (v) Any other business or service that is expressly consented to by the Executive Director in writing to the Member.

The Member shall not:

- (i) Install on the Premises or in any public area any vending machine or device designed to dispense or sell food, beverages, tobacco, tobacco products or merchandise of any kind, nor operate any restaurant, cafeteria, kitchen, stand, or other establishment for the purpose of dispensing or selling such products to any member of the public, other than to Member's employees, officers and business invitees, without approval of the Board's Executive Director, in advance.
- (ii) Create, commit or maintain any factual or legal nuisance on the Premises and shall not do or permit to be done anything which may result in the creation, commission or maintenance of a nuisance on the Premises.

(iii) Violate any provision of the Airport Building Code or the Airport Fire Code.

(iv) Permit the accumulation of an unreasonable amount of paper, cans, bottles, wrappers, rags, trash, junk or debris on the Premises. If such accumulation occurs and continues, Board shall give notice to Member, in writing, to clean the Premises. If such clean-up is not accomplished within seven (7) days of the date of the notice, Board, after written notice to Member, may proceed to effect such clean-up and may levy a civil contract charge at prevailing wage rates for the necessary clean-up time. If such charge is not paid within sixty (60) days of the date of the Board's clean-up, Board may declare a default under the provisions of the Lease.

Assignment and Subletting for DFW 1 Lease, DFW A-D Lease, DFW E Lease, DFW 1830 Lease and DFW 1840/1850 Lease

The Member may not assign the lease, in whole or in part, without the express written consent of Lessor and the assignee assumes in writing all of Member's obligations under the Lease. The Lessor shall have the right in its reasonable discretion to approve or disapprove any and all sublessees. Leasehold mortgages are permitted under the Lease. Termination of the Lease will terminate the lien rights of the leasehold mortgagee; provided, however, that the leasehold mortgagee is entitled to notice and cure with respect to any defaults by Member under the Lease.

Casualty and Condemnation – DFW 1 Lease and DFW A-D Lease

The Member may elect to terminate the Lease following a casualty. The Lease will terminate automatically upon the occurrence of a taking of all or substantially all of the Premises, and Member is entitled to receive a portion of the award payable in connection with such taking in accordance with the terms of the Lease.

Casualty and Condemnation – DFW E Lease

The Member is obligated to restore the improvements located the Premises following a casualty, provided that the Member may terminate the Lease if the casualty occurs during the last 15 years of the Term. The Lease will terminate automatically upon the occurrence of a taking of all or substantially all of the Premises, and Member is entitled to receive a portion of the award payable in connection with such taking in accordance with the terms of the Lease.

Casualty and Condemnation – DFW 5E Lease, DFW 1830 Lease and DFW 1840/1850 Lease

The Member is obligated to restore the improvements located the Premises following a casualty, provided that (a) if the cost of restoring the improvements will equal or exceed 60% of the original cost thereof, Member may terminate the Lease and (b) if the casualty occurs during the last 48 months of the Term, the Member may terminate the Lease. The Lease will terminate automatically upon the occurrence of a taking of all or substantially all of the Premises, and the Member is entitled to receive a portion of the award payable in connection with such taking in accordance with the terms of the Lease.

Assignment and Subletting for DFW 5E Lease

The Member may not assign the Lease, in whole or in part, without the express written consent of lessor and the assignee assumes in writing all of Member's obligations under the Lease. The Member may not may not, voluntarily or involuntarily, mortgage or otherwise encumber all or any portion of the leasehold estate created by the Lease and any such attempted mortgage or other encumbrance shall be null and void and of no effect.

Events of Default and Remedies for DFW I Lease, DFW A-D Lease and DFW E Lease

An event of default by Member shall occur if: (i) Member shall fail to pay any monetary obligation, including without limitation any installment of rent within ten (10) days of the due date; or (ii) Member shall fail to perform any of its non-monetary obligations under the Lease and such failure shall continue for a forty-five (45) day period after Lessor shall have given Member written notice of its failure to perform.

If a non-monetary default by Member shall have occurred, or if a monetary default by Member shall have occurred more than three times within any consecutive twelve-month period, Lessor may terminate the Lease, effective immediately upon written notice, in which case all of the obligations and responsibilities of the parties under the Lease shall terminate except for accrued liabilities and except that Member shall surrender the premises to Lessor. The right of termination shall be subject to the following requirements:

- (i) any leasehold mortgagee shall be entitled to separate notice under the Lease of any default which is to form the basis of termination;
- (ii) Member or any leasehold mortgagee shall have thirty (30) days from the effective date of notice of a monetary default to cure such monetary default; and
- (iii) Member or any leasehold mortgagee shall have forty-five (45) days from the effective date of notice of a non-monetary default to cure such non-monetary default, or a longer period of time if reasonably necessary to cure such non-monetary default.

Upon a default by Member, monetary or non-monetary, Lessor may exercise any of the following remedies:

- (i) Upon a 10-day notice of intention to cure Member's default for the account of and at the expense of Member, Lessor may cure the default for the account and at the expense of Member, and Member shall reimburse Lessor for the reasonable cost of curing Member's default;
- (ii) Recover from Member: (a) all rent, accrued or unaccrued; provided, however, that if the premises is returned to the Lessor's control, voluntarily or involuntarily, the Lessor shall be obligated to mitigate its damages as to future rents by exercising reasonable efforts to lease the premises, (b) the reasonable expenses of reentering, repossessing, reletting, and repairing the premises, including brokerage commissions, (c) reasonable attorneys' fees (both of outside counsel and litigation time of in-house attorneys), (d) late fees accruing pre-judgment, (e) post-judgment interest at the highest rate allowed by law, and (f) any costs or expenses incurred by Lessor in curing any Member default;
- (iii) Recover under any performance bond or letter of credit, or forfeit any cash deposit; or
- (iv) Exercise any other remedy at law or in equity.

An event of default by Lessor shall occur if Lessor fails to perform any of its obligations under the Lease and such failure to perform shall continue for a thirty (30) day period after written notice from Member to Lessor or such longer period of time if reasonably necessary and Lessor is diligently pursuing the cure of such failure; however, in no event shall such additional period exceed sixty (60) days. If such event of default by Lessor shall occur, Member may pursue any legal or equitable remedy for which it is entitled, except that in no event shall Member be entitled to withhold or abate any installment of rent.

Events of Default and Remedies for DFW 5E Lease

The Board, subject to the provisions of the Lease described below, may declare the Lease to be in default upon the occurrence of any one or more of the following events:

(i) Any lien filed against the Premises (except a lien for taxes, for assessments or other governmental charges so long as such taxes, assessments or charges are not delinquent or are being contested in accordance with the provisions of the Lease) and not released or otherwise removed or bonded within sixty (60) days after written notice, from any source, to the Member of the filing thereof; or

(ii) The Member shall fail to pay the rental or to make any other payment required under the Lease to the Board within thirty (30) days after the due date; or

(iii) The Member shall fail to keep, perform and observe each and every covenant and agreement set forth in the Lease on its part to be kept, performed or observed.

In the event the Board has declared the Lease to be in default pursuant to the provisions hereinabove described, the Board shall promptly provide the Member with a written notice describing the default or event of default and the Board's intention to terminate the Lease within sixty (60) days of receipt of said notice if such is not cured as hereinafter described.

The Member shall have the right to cure or cause the cure of such default within sixty (60) days after receipt of such notice; provided, however, that if the Default is such that it cannot be cured within such sixty (60) day period, but the Member commences and diligently pursues curative action with respect thereto, the period of time during which the Member may cure such Default shall be the amount of time which is reasonably necessary to cure such Default.

The Board may enforce the performance of the Lease in any method provided at law or equity, and the Lease may be terminated at the Board's discretion if such default has not been cured as hereinabove described; thereupon, the Lease shall cease and come to an end as if it were the day originally fixed in the Lease for the expiration of the term or any extension of the Lease. The Board, its agents and attorneys, shall have the right, without further notice or demand, to re-enter and remove all persons and property therefrom without being deemed guilty of any manner of trespass, and without prejudice to any remedies for arrears of rent or breach of covenant. Should the Board elect to terminate the Lease, the Board shall use reasonable efforts to relet the Premises for the remainder of the current term in effect for the account of Member, who shall make good any deficiency as the same accrues.

Events of Default and Remedies for DFW 1830 Lease and DFW 1840/1850 Lease

The Airport Board, subject to the provisions of the Lease hereafter described, may declare the Lease to be in default upon the occurrence of any one or more of the following events:

(a) Any Lien filed against the Premises and not released or otherwise removed or bonded within sixty (60) days after the filing thereof; or

(b) The Member shall fail to pay the rental within thirty (30) days after the receipt of invoice, or to make any other payment required under the Lease when due to the Airport Board; or

(c) The Member shall fail to keep, perform and observe each and every covenant agreement set forth in the Lease on its part to be kept, performed or observed any Leasehold

Mortgagee identified pursuant to the Lease with a written notice describing the default or event of default and the Airport Board's intention to terminate the Lease within thirty (30) days of receipt of said notice if such default is not cured or is not being cured as hereinafter described. The Member and said Mortgagee shall each have the right to cure or cause the cure of such Default within thirty (30) days after either receives such notices; provided, however, that if the Default is such that it cannot be cured within such thirty (30) day period, but the Member or the Mortgagee commences and diligently pursues curative action with respect thereto, the period of time during which the Member or the Mortgagee may cure such Default shall be the amount of time which is reasonably necessary to cure such Default. In the event the Mortgagee, within the applicable time periods hereinabove set forth, cures or causes the cure of any such Default or commences and diligently pursues curative action with respect thereto, the Mortgagee's action shall have the same effect as if the Member had timely cured such Default. As long as the Mortgagee, within the applicable time periods hereinabove set forth, shall cure, cause to be cured, or commences and diligently pursues curative action with respect to any Default reasonably capable of being cured by the Mortgagee, the Airport Board shall not exercise any of its remedies under the Lease on account of any Default or event of Default. As used in the Lease, "reasonably capable of being cured," or other phrases substantially similar thereto, shall mean an objective standard whereby the Default or event of Default in question is capable of cure by any reasonable mortgagee and not by any particular mortgagee.

In the event the Lease (or any replacement thereof) is terminated for Default, the Airport Board shall provide the Mortgagee with written notice thereof within thirty (30) days after such termination, unless the Airport Board has exercised its option as described below. Subject to the Airport Board's rights under described below, if the Mortgagee shall so elect within thirty (30) days after receipt of such notice, the Airport Board will enter into a new lease of the Premises with the Mortgagee as Member thereunder for the remainder of the term of the Lease, effective as of the date of such termination, at the rent and upon the other terms and provisions of the Lease.

It is understood and agreed that in the event of any termination of the Lease, the Airport Board shall have the right and option, but not the obligation, to pay in full the indebtedness owing to the Mortgagee by the Member and secured by a mortgage or deed of trust upon the leasehold estate; and upon such payment, the Airport Board shall be subrogated to all the rights, liens, interests and remedies of the Mortgagee. The Airport Board shall exercise its option, if at all, by written notice to the Member and the Mortgagee, and payment of such indebtedness at any time before the expiration of thirty (30) days after such notice.

Upon termination of the Lease, the Lease shall cease and come to an end as if it were the day originally fixed in the Lease for the expiration of the term of the Lease; and the Airport Board, its agents, and attorneys, shall have the right to reenter, inspect and secure the premises and, following the Airport Board's exercise of its option described above or Mortgagee's failure to exercise of its option described above, shall have right to remove all property therefrom, all without prejudice to any remedies for arrears of rent or breach of covenant.

Fort Lauderdale-Hollywood International Airport

Leased Premises

The leased premises consist of approximately 1,068,081 square feet of land located at the Fort Lauderdale-Hollywood International Airport.

Term and Rent

The Lease is scheduled to expire on July 31, 2022. Provided the Member is not then in default of any of terms and conditions of the Lease, the Member shall have the right and option (if consented to by the Aviation Department) to seek an extension of the term of the Lease for up to two additional periods of five years each. The Lessor retained the right (subject to payment of a buy out amount equal to the greater of (i) 108% of the "Net Book Value" of the Member's initial cost of the improvements (which initial cost may not exceed \$16,175,000) and (ii) the then outstanding principal amount of the outstanding indebtedness secured by the Lease, plus accrued and unpaid interest, fees and prepayment penalties, if any, to terminate the Lease at any time the Premises are required for Airport Purposes.

The annual rental shall be paid by the Member in monthly installments on the first day of each month, together with all applicable sales taxes thereon, in advance and without demand, set off or deduction. The current annual rental is \$702,813. The County and the Member agreed that the annual rental payment shall be adjusted on the first day of each Lease Year.

Use of Premises

The Member in connection with its business shall use the Premises for one or more of the following purposes and for activities reasonably required for or related to such purposes and for such purposes and activities only:

- (i) The loading and unloading of air cargo, air freight and air courier mail and packages.
- (ii) Provide aircraft ground support, for aircraft engaged in the transporting of air cargo, air freight or air courier.
- (iii) Aircraft maintenance and repair of aircraft engaged in the transporting of air cargo, air freight, air courier and related support aircraft.
- (iv) Air cargo/freight warehouse for aircraft engaged in the transporting of air cargo, air freight and air courier.
- (v) Aircraft fueling for aircraft engaged in the transporting of air cargo, air freight and air courier and other commercial aircraft as may be approved by the Aviation Department. The retail sale of fuel to non-commercial operators is prohibited. The storage of fuel in underground tank facilities is prohibited.
- (vi) Office space, hangar and air cargo/mail handling facilities for tenant operators and other aviation related business or industry.
- (vii) The operations conducted by existing tenants at the time of execution of the Lease until their present agreements expire.
- (viii) Maintenance and storage of ground service equipment.
- (ix) Aircraft parking.
- (x) Limited food and beverage service may be provided only by vending machines.

(xi) Such other compatible aviation related services for which the Aviation Department has given its prior written consent. Member shall not be entitled to provide any other such aviation-related services without the prior written consent of the Aviation Department, which consent will not be unreasonably withheld, delayed or denied.

Member, shall be expressly prohibited from providing the following services:

- (i) Terminal facilities for passenger operations, other than those covered by Federal Aviation Regulation 14 CFR Part 135.
- (ii) Restaurant, coffee shop, lounge, or cafeteria.
- (iii) Sale or dispensing of alcoholic beverages.
- (iv) Sale of non-aviation products.
- (v) Air shows.
- (vi) Fuel farm, retail sale of fuel.
- (vii) Any use prohibited by law or not related to aviation.

Limousine and taxi concessionaires authorized by County shall be allowed free ingress to and egress from the Premises to serve the public and the Member shall not operate or authorize any competing service. Member shall not make any contractual arrangement with any rental car company except an authorized on-airport concessionaire rental car company.

In connection with sales and services to the public, Member shall furnish, good, prompt and efficient service adequate to meet all demands for its services at the Airport and shall conduct such hours of business as may be necessary to so provide this service. Such service will be furnished on a fair, equal, and non-discriminatory basis to all users thereof and charges shall be fair, reasonable and non-discriminatory for each unit of sale or service. Member, however, shall be permitted to grant reasonable and non-discriminatory discounts, rebates, or other types of price reductions to volume purchasers. As used in this section, the word "services" shall include the furnishing of parts, materials, and supplies (including the sale thereof as well as furnishing of service).

The Premises shall be used for no purposes other than as specifically allowed by the Lease. The Premises shall not be used in any manner that is incompatible with or violates provisions of any FAA rules, regulations or advisory circulars, state laws or regulations, or County or local ordinances, administrative code or regulations, as may be amended from time to time, and including without limitation FAA Advisory Circular No. 150/5300-13, Chapter 333, Florida Statutes, and Chapter 2 and Section 39-1145, et. seq., Broward County Code of Ordinances.

Nothing in the Lease shall be deemed to prohibit Member from requiring its employees, contractors, sublessees, invitees, agents, guests and any others entering upon or using the Premises at any time during the Term to observe reasonable and non-discriminatory rules and standards of conduct to maintain the Premises in the manner required by the terms of the Lease and to preserve the Member's and its sublessee's peaceful enjoyment of the Premises; provided that such rules and standards of conduct shall comply with the terms of the Lease and all applicable federal, state, County, and local laws, rules and regulations. In addition, nothing in the Lease shall be deemed to prohibit Member from taking any lawful

action to enforce compliance with the terms of the Lease and the rules and standards of conduct of Member (as described by the first sentence hereof).

Casualty and Condemnation

Following the occurrence of a casualty affecting a substantial portion of the improvements located on the Premises, the Member may elect to restore the improvements. If the Member elects not undertake such restoration, Lessor may undertake such restoration. If neither party elects to undertake such restoration, the Lease will terminate without further action by either party. The Lease will terminate automatically upon the occurrence of a taking of all or substantially all of the Premises, and Member is entitled to receive a portion of the award payable in connection with such taking in accordance with the terms of the Lease.

Assignment and Subletting

The Member shall not (i) sublet the Premises or any part thereof, (ii) permit any transfer, assignment, pledge, mortgage or encumbrance of any sublease, (iii) transfer, assign, pledge, mortgage or otherwise encumber the Lease or any rights or obligations under the Lease, or (iv) allow same to be assigned by operation of law or otherwise without the prior written consent of the County, which consent may be granted or withheld by the County in the exercise of its reasonable discretion or conditioned upon such additional terms and conditions as may be imposed in the reasonable discretion of the County or the Aviation Department, acting on behalf of the County.

Events of Default and Remedies

If any one or more of the following events shall occur and shall not be cured within the applicable time period set forth in the Lease as described below, then the same shall be a default under the Lease:

(i) By or pursuant to or under authority of any legislative act, resolution or rule or any order or decree of any court or governmental board, agency or officer having jurisdiction, a receiver, trustee or liquidator shall take possession or control of all or substantially all of the property of the Member;

(ii) The Member shall voluntarily abandon, desert or vacate the Premises or discontinue its operation at the Airport (provided that if the Member continues to pay all rentals and meet all other obligations of the Lease, no abandonment, desertion or vacation of the Premises or discontinuance of operations at the Airport shall be considered voluntary so long as the Member diligently and actively pursues seeking a replacement sublessee that is satisfactory to the County);

(iii) Any lien, claim or other encumbrance which is filed against the Premises is not removed, or if the County is not adequately secured by bond or otherwise;

(iv) The Member shall fail to pay any rentals on the date on which any rental payments are due to the County;

(v) The Member shall fail to make any other payment required under the Lease when due to the County;

(vi) Any business is conducted, or service is performed, or product is sold from the Premises that is not specifically authorized by the Lease; or

(vii) The Member shall fail to keep, perform and observe each and every non-monetary promise, covenant and term set forth in the Lease on its part to be kept, performed or observed.

Upon the occurrence of any failure by Member to make payment of any sum due the County, as described in (iv) or (v) above, the Aviation Department shall provide Member with written notice of such failure, and Member shall have a period of ten (10) calendar days following receipt of such written notice to cure the default. Upon the occurrence of any event described by (i), (ii), (iii), (vi) or (vii), the Aviation Department shall provide Member with written notice of the occurrence of such event of default and Member shall have a period of thirty (30) calendar days (but such period shall be limited to seven calendar days in the event of an emergency) following receipt of such written notice to cure the default (except where fulfillment of its obligation requires activity over a greater period of time, this period shall be extended for a reasonable time under the circumstances, but only if the Member shall have commenced to perform whatever may be required for fulfillment within thirty (30) calendar days (but such period shall be limited to seven calendar days in the event of an emergency) after receipt of written notice and continues such performance without interruption and provides the Aviation Department with weekly written status reports as to Member's bona fide efforts to achieve compliance with the Agreement).

Upon the occurrence of any default which is not cured within the time limit described above, or at any time thereafter during the continuance thereof, the County may at its option immediately terminate the Lease and all rights of Member under the Lease by giving written notice thereof, which termination shall be effective upon the date specified in such notice and/or County may exercise any and all other remedies available to County under the Lease or at law or in equity. In the event of any such termination, Member shall immediately quit and surrender the Premises to County and shall cease operations at the Airport. Any such termination shall be without prejudice to any remedy for arrears of payments due under the Lease or breach of covenant, or damages for the balance of the Rent payable under the Lease through the full term of the Lease, or any other damages or remedies whatsoever, including without limitation, all direct, indirect, consequential, and all other damages whatsoever. In the event of a termination pursuant to the provisions of the Lease described in this section, the Member shall have no right to payment of the Buy-Out Amount or any other amounts described by such applicable section of the Lease.

Notwithstanding the foregoing, in the event that the Member has frequently, regularly or repetitively defaulted in the performance of or breached any of the terms, covenants and conditions required herein to be kept and performed by the Member, and regardless of whether the Member has cured each individual condition of breach or default, the Member may be determined by the Aviation Department to be an "habitual violator." At the time that such determination is made, the Aviation Department shall issue to the Member a written notice advising of such determination and citing the circumstances therefor. Such notice shall also advise Member that there shall be no further notice or grace periods to correct any subsequent breaches or defaults and that any subsequent breaches or defaults of whatever nature, taken with all previous breaches and defaults, shall be considered cumulative and collectively, shall constitute a condition of noncurable default and grounds for immediate termination of the Lease. In the event of any such subsequent breach or default, the County may terminate the Lease upon the giving of written notice of termination to the Member, such termination to be effective upon delivery of the notice to the Member.

Upon an event of default under the Lease, the rights or remedies afforded to the Lessor shall be subject to certain rights of any Approved Leasehold Mortgagee.

Southwest Florida International Airport (Fort Meyers, Florida)*Leased Premises*

The leased premises consist of a tract or parcel of land lying in Section 25, Township 45 South, Range 25 East, Lee County, Florida, containing 5.45 acres more or less, subject to easements, restrictions and reservations of record. The Member shall have the right, at any time during the term of the Lease, to expand the Facility by up to 26,000 square feet, provided the Member complies with the requirements of the Lease. In the event a cargo airline signs an airline operating agreement with the Lessor and signs a non-binding letter of intent meeting the requirements of the Lease, then the Lessor may request the Member, in writing, to construct on the leased premises, to the east of the existing cargo facility, an additional 26,000 square feet of floor area useable for cargo storage, handling, and transfer.

Term and Rent

The term of the Lease shall continue until, and expire upon, January 31, 2032. The Lessor may terminate the Lease if it elects to relocate the air cargo facility, provided the Lessor pays to the Member either (i) the unpaid principal amount secured by a mortgage encumbering the Lease or (ii) the actual cost of the improvements constructed by the Member, less depreciation.

In 2002, the Member was required to pay annual rent of \$61,113.48 in advance in equal monthly installments of \$5,092.79, together with any applicable Florida sales tax, due on or before the first day of each calendar month. Every October 1st the base rent is increased. Each such annual increase will be in proportion to the increase in CPI during the preceding twelve-month period from July 1 through June 30, provided, however, each such annual increase will not be less than 4% per year or more than 8% per year. The current annual rent is \$90,225.91.

Use of Premises

Following construction of the Facility, during the remainder of the entire term of the Lease, the Member has covenanted and agreed that the Premises shall be used and occupied continuously and only as (i) an air cargo terminal facility for the exclusive use of passenger/freight carriers and freight forwarders authorized by the Lessor; (ii) a customs examination area; and (iii) administration offices for the Lessor and the U.S. Customs Service and not for other purpose or purposes (including unrelated air cargo business activities) unless the Lessor shall first consent to such other use in writing; provided, however, the Lessor expressly approved the providing of cold storage to serve the cargo users of the Facility and the Lessor approved use of the Facility for general maintenance of equipment located at the Facility and used in connection with the loading, unloading or general storage of cargo.

Except as described above, the Member may not use the premises to provide any services to other airport users, including, but not limited to, air cargo support services and ground services for aircraft and air cargo support, unless the Member first applies for and obtains, from the Lessor, a permit for such activity upon the same terms and conditions and for the same fees as shall then be agreed upon with, required from, offered to, or charged to, other parties authorized by the Lessor to provide such services on the Airport.

Casualty and Condemnation

The Member is obligated to restore the improvements located the Premises following a casualty, provided that the Lessor may terminate the Lease if such casualty occurs during the last 12 months of the Term. The Lease will terminate automatically upon the occurrence of a taking of all or substantially all of

the Premises, and Member is entitled to receive a portion of the award payable in connection with such taking in accordance with the terms of the Lease.

Assignment and Subletting

The Member shall not have the right at any time to pledge, hypothecate, mortgage or assign the Lease or any estate or interest therein or the operation of the Facility or any interest therein by operation of law or otherwise, or to sublet the Premises or any part thereof, or to grant any concession or license, or to allow anyone to occupy the Premises without first obtaining the written consent of the Lessor.

Events of Default and Remedies

If Member shall fail to pay any Rental due under the Lease within fifteen (15) days of written demand therefor, or if any other covenant or agreement contained in the Lease on Member's part to be kept and performed shall not be kept or performed and such default, breach or non-performance of covenant or agreement not involving the payment of money shall continue for a period of thirty (30) days after written notice is given by Lessor to Member or if Member or if any involuntary petition for reorganization or other proceeding in bankruptcy shall be filed against Member or its guarantor which shall not be dismissed within sixty (60) days, or if Member or its guarantor shall be adjudicated a bankrupt or shall make an assignment for the benefit of creditors or if a voluntary petition for reorganization or other proceeding in bankruptcy shall be filed by or against Member or its guarantor, if any, or if either Member or its guarantor, if any, shall be deprived of its rights under the Lease by a judgment or decree of court of competent jurisdiction in any proceeding at law or in equity, then Lessor may, at its election, immediately or at any time thereafter cancel the Lease and enter into and upon the Premises and repossess the same and expel the Member and those claiming under it and remove its personal property without being taken or deemed to be guilty of any manner of trespass, and thereupon the Lease shall absolutely cease and terminate; or the Lessor may declare all rents due under the Lease Immediately due and payable and thereupon all, then ascertainable payments due under the Lease to the end of the term thereupon shall be accelerated; or Lessor may elect to enter the Premises and re-let the same for Member's account, holding Member liable in damages for all expenses incurred in any such re-letting and for any difference between the amount of rent received from such re-letting and for any difference between the amount of rent received from such re-letting and all amounts due and payable under the terms of the Lease.

If Member fails to pay any taxes, assessments, or any other payments required to be made under the Lease (other than amounts payable as rents) or to perform any of its obligations in the Lease, then, in addition to any other remedies available to Lessor, Lessor may, on behalf of Member (without any obligation to do so), make any such payment or payments, or perform such acts on Member's behalf, and Member covenanted thereupon to reimburse and pay Lessor any amount so paid and expended (together with interest thereon at the maximum rate then allowed to be charged by private parties in the State of Florida), within ten (10) days of Lessor's demand therefor.

In any action, suit or proceeding to enforce or interpret the terms of the Lease or to collect any amounts due under the Lease, Member agrees to pay all costs and expenses incurred by Lessor in enforcing or interpreting Lessor's rights under the Lease or the provisions of the Lease, including, but not limited to, all collection and court costs, and all attorneys' fees, whether incurred out of court, at trial, on appeal, or in bankruptcy or administrative proceedings. The remedies stated in this section shall be cumulative and in addition to any other right or remedy available to Lessor under the Lease or at law or in equity.

Harrisburg International Airport*Leased Premises*

The leased premises shall consist of approximately 4.59 acres of land located at the Harrisburg International Airport.

Term and Rent

The Lease, unless sooner terminated, shall expire 30 years from the date when Lease Rent shall have first become due, which is October 31, 2030, without further right to extend.

The Lease Rent is currently \$0.37 per square foot payable in monthly installments. The annual Lease Rent is \$74,000.04. The amount of the Lease Rent increases at five-year intervals for the term of the Lease.

Use of Premises

The following uses of the Leased Premises are authorized under the Lease:

- (i) The design, sitework, construction, completion and leasing of an air cargo/freight facility as set out in the Lease;
- (ii) The receiving, preparing, transporting, loading, unloading, storage and distribution of cargo, freight, and mail, via aircraft and ground transportation, together with related office space;
- (iii) The storage, parking, refueling, and maintenance of vehicles and ramp equipment owned or operated by the Member and its sublessees;
- (iv) The parking of vehicles operated by the Member and its sublessees or by their officers, employees, contractors, customers and suppliers of merchandise and furnishers of services; and
- (v) Any other use approved in writing by the Department.

The Member is prohibited from any use of the premises not described above, unless the Member has obtained the prior written consent of the Department.

Casualty and Condemnation

The Member is obligated to restore the improvements located the Premises following a casualty, provided that, if more than 60% of the Member-installed paved areas are damaged as a result of such casualty, the Member may terminate the Lease. The Lease will terminate automatically upon the occurrence of a taking of all or substantially all of the Premises, and the Member is entitled to receive a portion of the award payable in connection with such taking in accordance with the terms of the Lease.

Assignment and Subletting

Subject to the mortgage provisions contained in the Lease, the Member shall not assign, convey, mortgage or pledge its interest under the Lease, or all or any part of the Leased Premises, to any party without prior written approval of the Department, which approval shall not be unreasonably withheld or delayed.

Events of Default and Remedies

Subject to the rights granted mortgagee in the Lease, for notice and the opportunity to cure a default by Member and assume Member's rights and obligations herein, if Member: (1) fails to pay rental or additional rental charges within fifteen (15) days after receipt of written notice of delinquency, or (2) fails to keep and perform any of the covenants, conditions and agreements set forth in the Lease after having received written notices of default to be cured within thirty (30) days and such default not having been cured, at the Department's sole election:

(i) The Department may give written notice to Member (and Mortgagee, if there be one) of a default in the payment of rental and demand a correction thereof. If within fifteen days (15) after the date the Department gives such notice, Member has not corrected said default and paid the delinquent amount in full, subject to the rights of Mortgagee (if there be one) to correct the same in the time and manner as provided in the Lease, the Lease may be terminated by the Department upon thirty (30) days written notice to Member.

(ii) Upon the default by Member in the performance of any covenant or conditions required to be performed by Member, and the failure of Member to remedy such default in a period of thirty (30) days after receipt from the Department of written notice to remedy the same (except default in timely payment of money due the Department) the Department shall have the right to cancel the Lease by giving the written notices as required in the Lease; provided, however, that if such default is of a nature as cannot be cured within thirty (30) days, Member shall not be deemed in default if it shall have commenced remedying such default within thirty (30) days after receipt of notice as provided in the Lease and shall thereafter diligently continue to remedy such default until remedied.

(iii) Upon the default by Member, and the giving of notices by the Department to cancel the Lease as provided for in the Lease, said notice and cancellation shall become final; provided, however, if the Member or Mortgagee is diligently proceeding to remedy such default and so advises the Department in writing, said notice of cancellation shall be held abeyance. If however, the Department reasonably determines that Member is not diligently pursuing the remedy of such default to conclusion, the Department shall so advise Member and Mortgagee in writing, and said notice of cancellation shall no longer be held in abeyance for any reason and shall become final without further notice to Member or Mortgagee, subject to the right of Member and/or Mortgagee to legally contest such determination of the Department.

Subject to the provisions of the Lease, upon cancellation or termination of the Lease for any reason, all rights of Member, any mortgagee, tenants or any other persons in possession shall terminate including all rights or alleged rights of creditors, trustees, assigns and all others similarly so suited as to the Leased Premises and all improvements thereon. Upon said cancellation or termination of the Lease for any reason the Leased Premises and all improvements thereon, except for such personal property which may be removed from said Leased Premises as provided in the Lease, shall vest in the Department free and clear of all encumbrances and all claims of Member, its tenants, creditors, trustees, assigns and all others, and the Department shall have the right to immediate possession of the Leased Premises and all improvements thereon.

If upon re-entry into the premises as the result of a default under the Lease or for other lawful reasons, there remains property of the Member or any other person upon the premises, the Department may (but without the obligation to do so) remove said property and hold it for the owners thereof or may place the same in a public warehouse, all at the expense and risk of the owners thereof, and Member shall reimburse the Department for any expense incurred by the Department in connection with such removal and storage of Member's property. The Department shall have the right to sell such stored property

provided that it shall give Member not less than thirty (30) days advance written notice that it intends to conduct such a sale. The proceeds of such sale shall be applied first to the cost of such sale, second to the payment of the charges for storage, and third to the payment of any other amounts which may then be due from Member to the Department, and the balance, if any, shall be paid to Member.

In addition to the causes for termination described above and subject to the rights of mortgagee to cure such default and assume Member's rights and obligations in the Lease, after thirty (30) days written notice to Member, the Department may terminate the Lease and may enter or re-enter the Leased Premises or any portion thereof (with or without process of law) as if a default had occurred under the Member and not been cured, upon or after the occurrence of any of the following events:

(i) The abandonment by Member of the conduct of its authorized business at the Airport, and in this connection, suspension of operations for a period of sixty (60) days will be considered abandonment in the absence of a satisfactory explanation, which is accepted in writing by the General Manager, State-Owned Airports, Bureau of Aviation.

(ii) Filing of a voluntary petition in bankruptcy or institution of involuntary bankruptcy proceedings against Member which are not dismissed within the time required by law, including any applicable extensions authorized by judicial order, or the appointment of a receiver over Member's assets which appointment is not stayed or vacated.

Member may, at its option, terminate the Lease after thirty (30) days written notice to the Department upon or after the occurrence of any of the following events:

(i) Closure of the Airport to commercial air services for a period of twenty (20) or more days out of any thirty (30) day period.

(ii) Except where a section of the Lease confers to Member a different remedy as sole and exclusive upon default by the Department in performance of any of the terms, covenants or conditions to be performed by it under the Lease, and provided the Department shall first have failed to remedy or commence the remedying of any said default as promptly as may be reasonably practicable, but not more than thirty (30) days following receipt by the Department of written demand from Member to do so and provided that the Department shall diligently pursue the same to completion.

(iii) In the event of a termination of the Lease by Member as the result of a default by the Department under the provisions of the Member, Member shall have the right to pursue any and all remedies available to it at law and in equity, including a recovery of its damages resulting from such default.

Houston George Bush Intercontinental Airport

The Mortgage with respect to the Houston Member's Lease encumbers the Houston Member's interests in 4 separate ground leases with respect to each of (i) Buildings 5, 6, 7, 8, 9, 10, and unimproved land adjacent to Buildings 11 and E (the "2005 Lease") (ii) Building G (the "Building G Lease") and (iii) East Cargo Building 1 (the "East 1 Lease") and (iv) East Cargo Building 2 (the "East 2 Lease") at Houston George Bush Intercontinental Airport. Each ground lease is summarized below.

*The 2005 Lease may be amended prior to issuance of the Bonds. Such amendment would, among other things, add Buildings 11, E and F to the 2005 Lease. **Any comments in this section which are bracketed refer to provisions of such amendment.** There is no assurance that such amendment will be executed prior to the issuance of the Bonds or at any time in the future.*

Leased premises

2005 Lease - The leased premises consist of approximately:

(i) 75,806 square feet of space, including the footprint of the former Building 5, which was 3002-3154 McKaughan comprised of approximately 27,544 square feet, but has been demolished; *[Replace subsection (i) - "75,806 square feet of space, located at the southeast corner of Airfoil Road and McKaughan Road, reflecting the demolition of Building 5 as of 1/1/2008;"]*

(ii) 27,676 square feet of space, including the footprint of the former Building 6, which was 2950 Mecon Rd. comprised of approximately 10,277 square feet, but has been demolished;

(iii) 104,938 square feet of space, including Building D - Cargo Building comprised of approximately 30,861 square feet; *[Replace "104,938" with "88,018."]*

(iv) 46,980 square feet of space, including Building 7 - 3215 Lodestar comprised of approximately 22,097 square feet;

(v) 46,980 square feet of space, including Building 8 - 3202 Igloo comprised of approximately 22,167 square feet;

(vi) unimproved land adjacent to Building 11 - approximately 9,807 square feet; *[Replace "9,807" with "1,605."]*

(vii) unimproved land adjacent to Building E - approximately 18,885 feet; and

(viii) 104,880 square feet of space, including Building 9 - 18411 Viscount, comprised of approximately 20,731 square feet and Building 10 - 18406 Security, comprised of approximately 20,731 square feet.

[Add (ix) approximately 27,259 square feet of space as of 1/1/2008, being a parking lot located immediately south of Building D;

(x) approximately 30,986 square feet of space as of the Countersignature Date of Amendment No. 1, including Building 11 - 18311 Skytrain, comprised of approximately 14,413 square feet, such tenancy through the expiration date of 12/31/2024 shall be conditioned upon acceptance of new rental rates shown in the future Exhibit F to the Lease;

(xi) approximately 86,250 square feet of space as of the Countersignature Date of Amendment No. 1, including Building E - 3100 Igloo, comprised of approximately 39,030 square feet, such tenancy through the expiration date of 12/31/2024 shall be conditioned upon acceptance of new rental rates shown in the future Exhibit F to the Lease; and

(xii) approximately 110,977 square feet of space as of the Countersignature Date of Amendment No. 1, including Building F - 19402 Airmail, comprised of approximately 55,464 square feet, such tenancy through the expiration date of 12/31/2024 shall be conditioned upon acceptance of new rental rates shown in future Exhibit F to the Lease.]

East 1 Lease - The leased premises consist of approximately 367,920 square feet of land at Houston George Bush Intercontinental Airport.

East 2 Lease - The leased premises consist of approximately 366,095 square feet of land at Houston George Bush Intercontinental Airport.

Building G Lease - The leased premises consist of approximately 151,056 square feet of land together with certain rights and interests with respect to Building G at Houston George Bush Intercontinental Airport.

Term and Rent

2005 Lease - The Lease is scheduled to expire on December 31, 2024. The current annual rent is \$474,908.28. The rent is due monthly in advance. The annual rent due for each parcel is subject to increase and the times and in the amounts listed in the 2005 Lease. *[In the event that the amendment is executed, the annual rental will change.]*

East 1 Lease - The Lease is scheduled to expire on February 28, 2043. The Member has the option to reduce the term of the Lease by 10 years. The current annual rent is \$273,265.30. The rent is due monthly in advance. The annual rent is increased every five years pursuant to the Lease.

East 2 Lease - The Lease is scheduled to expire on February 28, 2043. The Member has the option to reduce the term of the Lease by 10 years. The current annual rent is \$272,256.84. The rent is due monthly in advance. The annual rent is increased every five years pursuant to the Lease.

Building G Lease - The Lease is scheduled to expire on September 30, 2013 with one (1) renewal period of ten (10) years expiring on September 30, 2023; exercisable upon six (6) months notice prior to the term expiration. Pursuant to the 2005 Lease, Building G will be added to the 2005 Lease upon the expiration or termination of the Building G Lease, and rent will be calculated based on the 2005 Lease thereafter. The current rent is \$98,186.45 per annum until September 30, 2013. Rent for the renewal term will be established by appraisal of the fair market value of the leased premises excluding improvements thereon.

Use of Premises for 2005 Lease

During the Term of the Lease, and subject to the Member's performance of its obligations under the Lease, the Member, its employees, subtenants, customers, agents and invitees shall have the right to use the Leased Premises only for the Permitted Uses. The Member may install vending machines, coffee machines, microwave ovens and other similar appliances in the Improvements solely for the use of the Member's employees, subtenants, customers, agents and invitees. The Member shall ensure that its employees, subtenants and visitors park only in the designated parking areas on the Leased Premises while conducting business on the Leased Premises. The Member shall be responsible for ensuring that it and its subtenants comply with the provisions set forth in the Lease, including specifically and without limitation, the provisions set forth as to Permitted Uses and prohibited uses, and the maintenance and repair requirements stated in the Lease. The Director shall have the sole and final decision, which must be timely exercised in a reasonable manner, as to whether the provisions of the Lease have been materially violated; and written notice of default under the Lease shall be given to the Member for non-compliance with the Lease. The Member shall not permit anything to interfere with the rights of other tenants. Notwithstanding any other provision of the Lease to the contrary, "Permitted Use" means use by the Member and/or its subtenants for office and warehouse space in its cargo and aviation related operations and other operations and businesses reasonably related thereto. Such operations may include, by way of example and not limitation:

- (i) Cargo and/or courier mail and ground handling facilities and associated aircraft handling, servicing and fueling; provided, there shall be no vehicle-to-vehicle fueling except by vehicles approved for operation at the Airport by HAS and, provided further, there shall be no tandem vehicle to vehicle to aircraft fueling operations;
- (ii) Rental of office and warehouse space for cargo-related operations only;
- (iii) Scheduled and non-scheduled air charter services for transporting cargo and mail;
- (iv) Limited food and beverage service may be provided only by vending machines or a sandwich shop provided solely for the benefit of employees of the Member or any sublessee or licensee of the Member;
- (v) GSE and aircraft parts repair and storage, and aircraft support and maintenance;
- (vi) Airline and/or airport related security, inspection facilities, and passenger airline related activities; and
- (vii) Such other compatible aviation-related services for which the Director has given his prior written consent.

The Member shall possess the rights specified in the Lease during the Term of the Lease as long as the Member complies with the terms and conditions of the Lease and applicable Regulations established from time to time by the Lessor, the TSA, and the FAA. The Member's use of the Leased Premises is expressly conditioned upon its non-interference with normal airport operations and its strict compliance with the policies and procedures of the TSA, the FAA, HAS and all applicable Regulations.

During the Term of the Lease, the Member and its subtenants are specifically prohibited from engaging in any of the following conduct on the Leased Premises:

- (i) Commercial or retail activities which are open to the public generally including, but not limited to, the operation of a restaurant, cafe or dining business or facility or aircraft food catering service (other than the operation of vending machines and a sandwich shop intended solely for the Member, its employees, subtenants and invitees as described above);
- (ii) Unlawful or unreasonable interference with operations conducted or equipment operated by the Lessor, the TSA, the FAA, or by or for the use of scheduled airline carriers or other airport public transportation operators;
- (iii) The renting or leasing of any automobiles in connection with the operation of an automobile rental business;
- (iv) The providing of any public parking facilities, other than for employees, tenants, vendors, agents and invitees of the Member;
- (v) The use of any portion of the Leased Premises for residential purposes;
- (vi) The parking and/or ground servicing of scheduled or nonscheduled aircraft. Ground servicing shall mean any of those aircraft services normally provided by an airport ground service operator including, without limitation, fueling, loading and unloading of baggage, cleaning and/or

refurbishing of aircraft interior or exterior, contract repair and maintenance of aircraft parts, overhauling, or storage of aircraft;

(vii) Sublease, license or concession of the Leased Premises in violation of the Lease;

(viii) Except during any period of construction or repair as authorized by the Director, the Member agrees that it shall not place any temporary or mobile-type structures, such as trailers used for office or storage space, on the Leased Premises unless the Director expressly authorizes the Member in writing to place such a structure on the Leased Premises;

(ix) The conduct of a business furnishing air transportation for hire or passengers;

(x) Heavy industrial operations;

(xi) The conduct of training courses for pilots or other persons or the giving of instructions in the operation and maintenance of aircraft except for the employees of the Member's subtenants, independent contractors or affiliated companies;

(xii) The sale, purchase, rental, lease, disposal or exchange of aircraft, aircraft engines, electronic equipment, accessories, or other aircraft parts, equipment, tools or supplies, or the furnishing or procurement of financing for such transactions;

(xiii) The purchase or disposal of fuel, oil and lubricants or other Hazardous Materials in violation of the Environmental Laws;

(xiv) The erection of any permanent structure or facility which would interfere materially with the use, operation, or future development of the Airport, as may be prohibited by any restrictive covenants or indentures governing use of the Airport;

(xv) Subject to the Lease, installation and use of antennae that are used for commercial purposes on facilities constructed on the Leased Premises; and,

(xvi) Any other uses not allowed, either expressly or by implication by the Lease.

The Member shall have the right in common with others to use of aircraft parking ramps, including those immediately adjacent to the Leased Premises and that certain aircraft parking ramp located behind Building D, with respect to the loading and unloading of cargo and the parking of aircraft, pursuant to applicable Airport rules and subject to prescribed Airport rates.

Use of Premises for Building G Lease

The construction and operation of an air freight forwarding business, involving the receiving, forwarding, preparation and transportation of property, cargo, express and freight and all related activities including related administrative offices, parking, loading and unloading.

Use of Premises for East 1 Lease and East 2 Lease

During the Term of the Lease, and subject to the Member's performance of its obligations under the Lease, the Member, its employees, subtenants, customers, agents and invitees shall have the right to use the Leased Premises only for the Permitted Uses. In such regard, the Member shall construct, modify, expand, operate, maintain, replace and repair one or more buildings and

appurtenances ("Improvements") on the Leased Premises, as deemed to be necessary or appropriate by the Member. The Member may install vending machines, coffee machines, microwave ovens and other similar appliances in the Improvements solely for the use of the Member's employees, subtenants, customers, agents and invitees. The Member shall ensure that its employees, subtenants and visitors park only in the designated parking areas on the Leased Premises while conducting business on the Leased Premises. The Member shall be responsible for ensuring that it and its subtenants comply with the provisions set forth in the Lease, including specifically and without limitation, the provisions set forth as to Permitted Uses and prohibited uses, and the maintenance and repair requirements stated in the Lease. The Director shall have the sole and final decision, which must be timely exercised in a reasonable manner, as to whether the provisions of the Lease have been materially violated, and written notice of default under the Lease shall be given to the Member for non-compliance with the Lease. The Member shall not anything to interfere with the rights of other tenants. Notwithstanding any other provision of the Lease to the contrary, "Permitted Use" means use by the Member and or its subtenants for office and warehouse space in its air cargo operation. Such operations may include by way of example and not limitation:

- (i) Air cargo and/or courier mail handling facilities and associated aircraft handling, servicing and fueling provided, there shall be no vehicle-to-vehicle fueling except by vehicles approved for operation at the Airport by HAS and, provided further, there shall be no tandem vehicle-to-vehicle to aircraft fueling operations;
- (ii) Rental of office and warehouse space for air cargo-related operations only;
- (iii) Scheduled and non-scheduled air charter services for transporting cargo and mail;
- (iv) Limited food and beverage service may be provided only by vending machines provided solely for the benefit of employees of the Member or any sublessee or licensee of the Member; and
- (v) Such other compatible aviation-related services for which the Director has given his prior written consent.

The Member shall possess the rights specified in the Lease during the Term of the Lease as long as the Member complies with the terms and conditions of the Lease and applicable Regulations established from time to time by the Lessor and the FAA. The Member's use of the Leased Premises is expressly conditioned upon its non-interference with normal airport operations and its strict compliance with the policies and procedures of the FAA, the HAS and all applicable Regulations.

During the Term of the Lease, the Member and its subtenants are specifically prohibited from engaging in any of the following conduct on the Leased Premises:

- (i) Commercial or retail activities which are open to the public generally including, but not limited to, the operation of a restaurant, cafe or dining business or facility or aircraft food catering service (other than the operation of vending machines intended solely for the Member, its employees, subtenants and invitees as described above);
- (ii) Unlawful or unreasonable interference with operations conducted or equipment operated by the city, the FAA, or by or for the use of scheduled airline carriers or other airport public transportation operators;

(iii) The renting or leasing of any automobiles in connection with the operation of an automobile rental business;

(iv) The providing of any public parking facilities, other than for employees, tenants, vendors, agents and invitees of the Member;

(v) The use of any portion of the Leased Premises for residential purposes;

(vi) The parking and/or ground servicing of scheduled or nonscheduled aircraft. Ground servicing shall mean any of those aircraft services normally provided by an airport ground service operator including, without limitation, fueling, loading and unloading of baggage, cleaning and/or refurbishing of aircraft interior or exterior, contract repair and maintenance of aircraft parts, overhauling, or storage of aircraft;

(vii) Sublease, license or concession of the Leased Premises in violation of the Lease. Except during any period of construction or repair as authorized by the Director, the Member agreed that it shall not place any temporary or mobile-type structures, such as trailers used for office or storage space, on the Leased Premises unless the Director expressly authorizes the Member in writing to place such a structure on the Leased Premises;

(viii) The conduct of a business furnishing air transportation for hire of passengers;

(ix) Heavy industrial operations;

(x) The conduct of training courses for pilots or other persons or the giving of instructions in the operation and maintenance of aircraft except for the employees of the Member's subtenants, independent contractors or affiliated companies;

(xi) The sale, purchase, rental, lease, disposal or exchange of aircraft, aircraft engines, electronic equipment, accessories, or other aircraft parts, equipment, tools or supplies, or the furnishing or procurement of financing for such transactions;

(xii) The purchase or disposal of fuel, oil and lubricants or other Hazardous Materials in violation of the Environmental Laws;

(xiii) The erection of any permanent structure or facility which would interfere materially with the use, operation, or future development of the Airport, as may be prohibited by any restrictive covenants or indentures governing use of the Airport;

(xiv) Subject to the Lease, installation and use of antennae that are used for commercial purposes on facilities constructed on the Leased Premises; and,

(xv) Any other uses not allowed, either expressly or by implication as described above.

Casualty and Condemnation for 2005 Lease

In the event any Improvements on the Leased Premises are destroyed or damaged to the extent that they are determined by the Member to be unusable, the Member shall have the election of repairing or reconstructing the Improvements substantially as they were immediately prior to such casualty, or in a new or modified design, or not to construct the Improvements. With respect to condemnation, under any of the following conditions, the Lease shall be deemed terminated by such proceedings as of the date of

physical taking of the Leased Premises or the award, at the Member's election and the rent obligated to be paid by the Member shall be apportioned and paid to the date of physical taking: (a) 60% or more of the Leased Premises is taken, (b) substantially all reasonable means of ingress and egress to and from the Leased Premises are eliminated by reason of such taking, or (c) without regard to the percentage of the Leased Premises so taken, due to the nature and/or extent of the taking, in the Member's reasonable business judgment and approved in writing by the Director, it is not economically feasible to continue the Member's business operations or to rebuild any Improvements therefor.

Casualty and Condemnation for East 1 Lease and East 2 Lease

In the event any Improvements on the Leased Premises are destroyed or damaged to the extent that they are determined by the Member to be unusable, the Member shall have the election of repairing or reconstructing the Improvements substantially as they were immediately prior to such casualty, or in a new or modified design, or not to construct the Improvements. If 60% or more of the Leased Premises is taken, the Lease shall be deemed terminated by such proceedings as of the date of physical taking of the Leased Premises or the award, at the Member's election.

Casualty and Condemnation for Building G Lease

In the event any improvements on the Leased Premises are damaged to the extent that they are unusable by the Member for the purposes for which they were used prior to such damage, or same are destroyed, the Member shall have the election of repairing or reconstructing the improvements substantially as they were immediately prior to such casualty, or in a new or modified design, or not to construct the improvements, and the Member shall give the Director of Aviation written notice of its election under the Lease within 60 days after the occurrence of such casualty. With respect to a condemnation of the Leased Premises, if the Director of Aviation agrees in writing that as a result of such condemnation the Leased Premises are so reduced or restricted as to make unpracticable the continue occupancy of the Leased Premises for the purpose for which they are leased, the Member may, upon 30 days advance written notice, cancel the Lease.

Assignment and Subletting

The Lessor's consent is required for assignment of the Lease and for subleasing. Leasehold mortgagees of the Project are entitled to notice and cure with respect to defaults by the Member.

Events of Default and Remedies for 2005 Lease

The following shall be events of default by the Member the Lease:

(i) Failure by the Member to pay any rent within fifteen (15) days of the date it receives notice from the Lessor that such rent is past due.

(ii) Failure by the Member to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as described in subsection (i) above, for a period of 30 days after receipt of written notice, specifying such failure and requesting that it be remedied, by the Member from the Lessor (except where fulfillment of its obligation requires activity over a period of time and the Member shall commence to perform whatever may be required for fulfillment within 30 days after the receipt of notice and shall diligently continue such performance, except for causes beyond its control).

(iii) The Leased Premises shall be deserted by the Member and remain so for a period of 90 days or if a lien is filed against the Leased Premises (other than a mortgage under the Lease) or Member's interest therein or any part thereof in violation of the Lease and shall remain unreleased for a period of 60 days from the date of such filing unless within said period the Member is contesting in good faith the validity of such lien and while such lien is appropriately bonded. The factors which shall be considered by the Director in determining desertion by the Member include the failure to maintain the Leased Premises, secure the Leased Premises and actively market the Leased Premises when unoccupied.

(iv) The dissolution or liquidation of the Member or the filing by the Member of a voluntary petition in bankruptcy, or failure by the Member promptly to remove any execution, garnishment or attachment of such consequence as will impair its ability to carry on its operations at the Leased Premises, or the issuance of an order or decree by any court of competent jurisdiction providing for the appointment of a receiver (excluding any receiver appointed by a mortgagee), liquidator, trustee, sequestrator (or other similar official) of the Member or any substantial part of the Member's property or ordering the winding up or liquidation of the Member's affairs, and such decree or other order shall have continued, undischarged and unstayed for a period of 90 days, or assignment by the Member for the benefit of its creditors, or the entry by the Member into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Member in any proceeding for its reorganization instituted under the provisions of Title 11, United States Code, as amended, or under any similar act in any domestic or foreign jurisdiction, which may now be in effect or hereafter enacted (other than a reorganization not staying or impeding the collectability or enforceability of the liabilities or obligations of the Member). The term "dissolution or liquidation of the Member," as used in this subsection, shall not be construed to include the cessation of corporate existence of the Member resulting either from a merger or consolidation of the Member into another corporation or dissolution or liquidation of the Member following a transfer of all or substantially all of its assets as an entirety.

(v) Failure of the Member to make the required minimum expenditure regarding renovations on the Leased Premises in accordance with the Lease.

Except for a default under the Lease as described in (i) above, wherein the Member must immediately cure such default upon notice thereunder, whenever any event of default described above shall have happened and continues to exist, the Director shall give notice of default to the Member, and other applicable parties including any leasehold Mortgagee, for the curing of such default within 30 days of such notice, except in the case where immediate termination or an alternate cure period is stated, and the curing of such default (for which notice was given) within the 30 day time period or applicable alternate cure period shall nullify the proposed termination date stated in the notice. If default is not cured within the stated time given, the Lessor may take any one or more of the following remedial steps against the Member:

(i) The Lessor may re-enter and take possession of the Leased Premises without terminating the Lease and shall use its reasonable efforts to mitigate damages and sublease the Leased Premises for the account of the Member, holding Member liable for the difference between the rents and other amounts payable by the Member and its subtenants under the Lease and the rents and other amounts payable by such sublessee in such subleasing.

(ii) The Director may terminate the Lease, exclude the Member from possession of the Leased Premises and use its best efforts to mitigate damages by leasing the same to another party for the account of the Member, holding the Member liable for all rents and other amounts due under the Lease and not paid by such other party.

(iii) The Lessor may take whatever other action at law or in equity as may appear necessary or desirable to collect the rent then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Member under the Lease.

(iv) If the Lessor and the Member disagree with respect to the Member's obligations to pay money under the Lease, the Member may pay the amount under protest, and such payment shall not prejudice the Member's right to recover the disputed amount if it is determined that such payment was not due.

(v) In the event of default under the Lease as described in (v) above, the Member shall pay the Lessor as an amount of additional rent, the difference between the amount required and the amount actually expended by the Member before the deadline for required Renovations under the Lease. This additional rent amount shall be due and payable within 120 days of written notice from the Director stating the shortfall in the Member's required expenditure and the amount actually expended. Payment of such shortfall shall cure any default on the part of Member described in (v) above.

In addition to the other remedies provided in the Lease, the Lessor may, in the event of default under the Lease as described in (ii) above which is not cured within the applicable cure period (except in the case of exigent circumstances causing a hazard to persons or property where the Lessor may enter immediately), enter the Leased Premises (without such entering causing or constituting a termination of the Lease or an interference with the possession of the Leased Premises by the Member) and do all things reasonably necessary to cure such event of default, charging the Member the reasonable cost and expense paid by the Lessor therefor and the Member agreed to pay Lessor upon demand such charge in addition to all other amounts payable by the Member under the Lease.

Events of Default and Remedies for Building G Lease

In the event Member fails within thirty (30) days after receipt of a written notice to perform any of its obligations in the Lease, Lessor may enter the leased premises (without such entering causing or constituting a cancellation of the Lease or an interference with the possession of such leased premises by Member) and do all things reasonably necessary to perform such obligation, charging to Member the cost and expense thereof, and Member agrees to pay to the Lessor upon demand such charge in addition to any other amounts payable.

In the event of a default on the part of Member in the payment of rents, or any other charges required by the Lease, the Lessor may give written notice to Member (and mortgagee, if there be one) of such default, and demand the cancellation of the Lease, or the correction thereof. If within fifteen (15) days after the date the Lessor gives such notice, Member (or mortgagee) has not corrected said default, and paid the delinquent amount in full, the Lease shall terminate. Provided, however, that should Member be in default of the payment of rents, or any other charges required by the Lease, for forty-five (45) days, the Lease shall terminate regardless of whether or not the Lessor has given notice of cancellation and without need of any notice of cancellation whatsoever to Member (and mortgagee, if there be one).

The Lease shall terminate automatically upon the happening of any one or more of the following events: the filing by Member of a voluntary petition in bankruptcy, or any assignment for benefit of creditors of all or any part of Member's assets; any institution of proceedings in bankruptcy against Member; the filing of a petition requesting a court to take jurisdiction of Member or its assets under the provisions of any federal reorganization act; the filing of a request for the appointment of a receiver or trustee of Member's assets by a court of competent jurisdiction, or the request for the appointment of a receiver or trustee of Member's assets by a voluntary agreement with Member's creditors; or, the

abandonment by Member of the conduct of its authorized Airport business at the Airport, and in this connection, suspension of operations for a period of thirty (30) days will be considered abandonment in the absence of a satisfactory explanation, which is accepted in writing by the Lessor.

Additionally, upon the default by Member in the performance of any covenant or conditions required to be performed by Member, and the failure of Member to remedy such default for a period of thirty (30) days after receipt from the Lessor of written notice to remedy the same, except default in the timely payment of any money due the Lessor, the Lessor shall have the right to cancel the Lease for such cause.

Events of Default and Remedies for East 1 Lease and East 2 Lease

The following shall be events of default by the Member under the Lease:

(i) Failure by the Member to pay any rent within 15 days of the date it receives notice from the Lessor that such rent is past due;

(ii) Failure by the Member to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as described in (i) above, for a period of 30 days after receipt of written notice, specifying such failure and requesting that it be remedied, by the Member from the Lessor (except where fulfillment of its obligation requires activity over a period of time and the Member shall commence to perform whatever may be required for fulfillment within 30 days after the receipt of notice and shall diligently continue such performance, except for causes beyond its control).

(iii) The Leased Premises shall be deserted by the Member and remain so for a period of 90 days or if a lien is filed against the Leased Premises (other than a mortgage under the Lease) or the Member's interest therein or any part thereof in violation of the Lease and shall remain unreleased for a period of 60 days from the date of such filing unless within said period the Member is contesting in good faith the validity of such lien and while such lien is appropriately bonded. The factors which shall be considered by Director in determining desertion by the Member includes the failure to maintain the Leased Premises, secure the Leased Premises and actively market the Leased Premises when unoccupied.

(iv) The dissolution or liquidation of the Member or the filing by the Member of a voluntary petition in bankruptcy, or failure by the Member promptly to remove any execution, garnishment or attachment of such consequence as will impair its ability to carry on its operations at the Leased Premises, or the issuance of an order or decree by any court of competent jurisdiction providing for the appointment of a receiver, liquidator, trustee, sequestrator (or other similar official) of the Member or any substantial part of the Member's property or ordering the winding up or liquidation of the Member's affairs, and such decree or other order shall have continued, undischarged and unstayed for a period of 90 days, or assignment by the Member for the benefit of its creditors, or the entry by the Member into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Member in any proceeding for its reorganization instituted under the provisions of Title 11, United States Code, as amended, or under any similar act in any domestic or foreign jurisdiction, which may have been in effect at the execution of the Lease or thereafter enacted (other than a reorganization not staying or impeding the collectability or enforceability of the liabilities or obligations of the Member). The term "dissolution or liquidation of the Member," as used in this subsection, shall not be construed to include the cessation of corporate existence of the Member resulting either from a merger or consolidation of the

Member into another corporation or dissolution or liquidation of the Member following a transfer of all or substantially all of its assets as an entirety.

(v) Failure of the Member to meet the construction Commencement Deadline set forth in the Lease.

(vi) Failure of the Member to meet the Construction Deadline set forth in the Lease.

Except for a default described in (i) above, wherein the Member must immediately cure such default upon notice thereunder, or for default described in (v) above, wherein Director has the right to immediately terminate the Lease and lease the space to the Other Members pursuant to the Lease, whenever any event of default shall have happened and continue to exist, the Director shall give notice of default to the Member, and other applicable parties including any leasehold Mortgagee, for the curing of such default within 30 days of such notice, except in the case where immediate termination or an alternate cure period is stated, and the curing of such default (for which notice was given) within the 30 day time period or applicable alternate cure period shall nullify the proposed termination date stated in the notice. If default is not cured within the stated time given, the Lessor may take any one or more of the following remedial steps against the Member:

(i) The Lessor may re-enter and take possession of the Leased Premises without terminating the Lease and shall use its reasonable efforts to mitigate damages and sublease the Leased Premises for the account of the Member, holding the Member liable for the difference between the rents and other amounts payable by the Member and its subtenants under the Lease and the rents and other amounts payable by such sublessee in such subleasing.

(ii) The Director may terminate the Lease, exclude the Member from possession of the Leased Premises and use its best efforts to mitigate damages by leasing the same to another party for the account of the Member, holding the Member liable for all rents and other amounts due under the Lease and not paid by such other party.

(iii) The Lessor may take whatever other action at law or in equity as may appear necessary or desirable to collect the rent then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Member under the Lease.

(iv) If the Lessor and the Member disagree with respect to the Member's obligations to pay money under the Lease, the Member may pay the amount under protest, and such payment shall not prejudice the Member's right to recover the disputed amount if it is determined that such payment was not due.

Kansas City International Airport

Leased Premises

The leased premises consists of approximately 575,732 square feet of land together with certain rights and interests with respect to the Air Freight Center at the Kansas City International Airport.

Term and Rent

The current term of the Lease expires September 30, 2030. The current annual rent is \$158,326.32 until September 30, 2015. The annual rent is adjusted then and every five (5) years

thereafter by the percentage change in the fair market value of the property, based upon independent appraisals, during the five year term.

Use of Premises

The premises shall be used solely for the purposes of air cargo operations and other aviation related business and services. Member is obligated to spend a minimum of \$816,800 for capital improvements to the property.

Casualty and Condemnation

Member may terminate the Lease following either (i) a casualty resulting in damage to the improvements that is incapable of restoration within 90 days or (ii) any casualty occurring during the last 48 months of the term.

Assignment and Subletting

Lessor's consent is required to assign or sublease; provided, however, that if certain conditions provided for in the Lease are met, then consent is not required for subleases. Member has the right, without the consent of the Lessor, to mortgage its interest in the Lease and the property. Upon presentment of the leasehold mortgage to the Lessor, the Lessor is obligated to provide notice of default to the leasehold mortgagee and to grant the leasehold mortgagee thirty (30) days to cure monetary defaults and 60 days to cure non-monetary defaults.

Events of Default and Remedies

Each of the following constitutes a default by Member under the Lease:

(i) Member's failure to pay when due any rent, charges or any other payments of money required to be paid by Member under the Lease, and the continuation of such failure for more than five (5) business days after written notice;

(ii) Member's failing to perform or violation of any provision, covenant or condition of the Lease (other than payment of money) within thirty (30) days after written notice or, if the cure or performance thereof reasonably requires more than thirty (30) days to complete, Member's failure to begin cure or performance thereof within such thirty-day period and thereafter failing to proceed diligently to effect such cure or completion;

(iii) Use of the premises for anything other than the use specified in the Lease and the continuance of such use for more than twenty (20) days after written notice thereof;

(iv) After the initial lease-up of the premises by Member, Member vacates, abandons or deserts the premises or fails to occupy the premises for more than sixty (60) consecutive days (excluding vacancy due to casualty, periods of construction and/or reconstruction, and releasing activities).

(v) The attempted assignment or assumption of the Lease in violation of the terms of the Lease;

(vi) The suspension or revocation of any act, power, license, permit or authority that prevents Member from fully complying with all of the rights and obligations under the Lease for any continuous period in excess of sixty (60) days;

(vii) The filing by the Member of a voluntary petition in bankruptcy or any assignment for benefit of creditors of all or any substantial part of Member's assets; or the adjudication of the Member or its assignee or sublessee as a bankrupt pursuant to any involuntary bankruptcy proceedings provided the same is not discharged within one hundred and twenty (120) days; or the taking, by a court of competent jurisdiction of lessor's assets pursuant to proceedings brought under the provisions of any federal reorganization act provided the same is not discharged within sixty (60) days; or

(viii) The levy of any attachment or execution of any process of a court of competent jurisdiction which does or, as a direct consequence of such process, will materially interfere with its operations under the Lease, and which is not enjoined, vacated, dismissed or set aside within a period of sixty (60) days.

Upon default by Member of the Lease, the Lessor may do any one or more of the following:

- (i) Terminate the Lease upon three (3) days written notice to Member;
- (ii) Re-enter the premises and every part thereof on the effective date of termination of the Lease without further notice of any kind, remove any and all persons therefrom and regain and resume possession either with or without the institution of summary or legal proceedings. Such re-entry, however, shall not in any manner affect, alter or diminish any of the obligations of Member under the Lease;
- (iii) Upon termination of the Lease or upon re-entry, regaining or resumption of possession of the premises, occupy the premises, and have the right in the name of the Lessor to relet and permit any person, firm or corporation to enter the premises and use the same for such term and on such conditions as Lessor may determine;
- (iv) Perform, on behalf and at the expense of Member, any obligation of Member under the lease which Member has failed to perform and of which Lessor have given Member notice, the cost of which performance by Lessor, together with interest thereon from the date of demand at the contract rate of interest under applicable law, shall be deemed Additional Rent and shall be payable by Member to Lessor upon demand. Notwithstanding the provisions described in this clause and regardless of whether a default shall have occurred, the Lessor may exercise the remedy described in this clause without any notice to Member if Lessor, in its good faith judgment, believes it would be materially injured by failure to take rapid action or, if the unperformed obligation of Member constitutes an emergency; and
- (v) Any other remedy that Lessor may have under law equity.

Louisville International Airport

Leased Premises

The leased premises consist of (i) Area 1a (491,784 square feet), (ii) Area 5a (60,299 square feet) and (iii) Area 6 (182,642 square feet) located at Louisville International Airport.

Term and Rent

The Lease is scheduled to expire at 6:00 p.m. on March 7, 2019.

The Company agreed to pay a monthly rental, in advance, on or before the first day of each month, in an amount of \$0.612 per square foot through March 7, 2016. The current annual rent is

\$659,391.44. From March 8, 2016 through March 7, 2019, the monthly rental will increase to \$0.745 per square foot.

Use of Premises

The Company may use the Premises for the purpose of its express cargo facility.

Casualty and Condemnation

In the event of damage to or destruction of the Improvements, if the Improvements were, with the consent of the Lessor, financed with the proceeds of bonds, the provisions of the related bond documents shall govern matters relating to repair or reconstruction of the Improvements. In all other cases, in case of damage to or destruction of the Improvements, the Assignee will, at the Assignee's sole expense (after taking into account any insurance proceeds applied to such costs), commence the repair or reconstruction of the Improvements within 30 days thereafter and diligently complete such repair or reconstruction to a condition as near as reasonably practicable to the condition thereof immediately prior to such damage or destruction. If (i) the whole of the Premises shall be taken by any public or quasi-public authority (including, without limitation, the Lessor) under the power of eminent domain, condemnation or expropriation, or (ii) any part of the Premises shall be so taken and such partial taking shall render the Premises unsuitable for the operation of the Assignee's Improvements as an express cargo facility, then the term of the Lease shall terminate as of the date on which possession of the Premises is required to be surrendered to the condemning authority.

Assignment and Subletting

The Company may not sublease all or any portion of the Premises, or permit all or any portion of the Premises to be used or occupied by anyone other than the Company, without the approval of the Lessor, except, the Company may assign or sublease the Lease to Airis Louisville, L.L.C. and Airis Louisville L.L.C. may then re-assign or sublease its interests under the Lease to the Company pursuant to such terms and provisions as are approved in advance by the Lessor.

Except as provided in the Lease with respect to leasehold mortgages, neither the Lease nor any part thereof may be assigned or transferred by process or operation of law or in any other manner whatsoever, without the prior written approval of the Lessor.

Events of Default and Remedies

The occurrence of any of the following shall constitute an Event of Default by the Company under the Lease:

(i) Failure by the Company to pay any monthly installment of rent or to comply with any other of the Company's financial obligations to the Lessor under the Lease within fifteen (15) days of the due dates set forth in the Lease if such failure continues for ten (10) days after written notice from the Lessor to the Company of such failure;

(ii) Failure by the Company to perform or comply with any of the terms, covenants or conditions of the Lease other than the obligations described in (a) above, or with any rule or regulation of the Lessor now or hereafter established by the Lessor, if such failure continues for thirty (30) days after written notice from the Lessor to the Company of such failure (or, in the event such failure is capable of being cured but cannot be cured within thirty (30) days, failure by the Company to commence such cure within thirty (30) days or to diligently pursue such cure thereafter to completion);

(iii) Failure by the Company to abide by all applicable laws, ordinances, rules and regulations of the United States, the Commonwealth of Kentucky, the Lessor of Louisville or any other governmental or quasi-governmental entity, including, without limitation, the Lessor;

(iv) The Company's filing of a voluntary case or petition in bankruptcy including a reorganization plan), or the filing against the Company of involuntary case or position in bankruptcy, or the Company's making a general or other assignment for the benefit of creditors, or being adjudicated as bankrupt, or a receiver's being appointed for the property or affairs of the Company, if such receivership is not vacated within thirty (30) days after the appointment of such receiver, or the right of the Company to operate its business being lost by operation of law.

Upon the happening of any Event of Default, the Lessor shall have all rights and remedies to which it may be entitled at law or in equity under the laws of the Commonwealth of Kentucky, and/or the United States, including, without limitation, the right, at once and without further notice to the Company, to do some or all of the following, which rights and remedies shall be cumulative to the fullest extent provided by law:

(i) Declare the Lease terminated;

(ii) Enter upon and take full possession of the Premises, with or without terminating the Lease but terminating the Company's right of possession;

(iii) Declare the Company liable to the Lessor for the balance of the rent and additional rent payable during the remaining term of the Lease, provided, however, in the event the Lessor shall thereafter lease the Premises to another tenant, the Company's liability under the Lease shall be reduced by the amount of rent actually paid to the Lessor by such new tenant (but the Company shall not be entitled to any credit for any rent received by the Lessor in excess of the Company's rent obligations under the Lease). Nothing contained in the Lease shall be construed as obligating the Lessor to seek out any such new tenant, or to relet the Premises or otherwise mitigate damages;

(iv) Take possession of all property of the Company located at the Airport, remove the same to a storage place selected by the Lessor, and retain such property in storage either at such place or at its original site on the Airport, until the default is cured and a reasonable charge for removal and storage is paid to the Lessor. Upon termination of the Lease by the Lessor, the Lessor may sell such property in accordance with the provisions of applicable law. This right shall be in addition to, and not in substitution for, any other rights of the Lessor. The Lessor shall not be liable for any damage to such property incurred as a result of its removal or storage, unless such damage is caused by gross negligence on the part of the Lessor, or for any loss of business or indirect injury to the Company or its business resulting from or attributable to such removal or storage.

For the purpose of reletting the Premises, the Lessor is authorized to make any repairs, changes, alterations, decorations or additions in or to the Premises that may be necessary or appropriate, and to recover the costs thereof from the Company as additional rent.

Notwithstanding any other provision of the Lease, no provision of the Lease shall be construed to limit in any manner the Lessor's right to require the strict performance of the terms and conditions of the Lease, whether by way of an action for damages, for specific performance or for equitable relief.

Miami International Airport

The Lease relating to Miami I and the Lease relating to Miami II contain substantially identical provisions as summarized below, except where noted.

Leased Premises

Miami I - The leased premises consist of approximately 791,669 square feet of unimproved land located on which the Member has caused the construction of Buildings 709, 709A and 710 and their adjoining office complex, and approximately 782,059 square feet of unimproved land on which the Member has caused the construction of an aircraft ramp and associated taxiways.

Miami II - The leased premises consist of two non-contiguous parcels totaling approximately 279,763.86 square feet of unimproved land located on which the Member has caused the construction of Building 711 and a vehicle parking area.

Term and Rent

The term of the Lease ends at 11:59 p.m. (E.S.T.) on the 25th anniversary of the Date of Beneficial Ownership of Buildings 709, 710 and their adjoining office complex (in the case of the Miami I Lease) and Building 711 and its adjoining office complex (in the case of the Miami II Lease), which is August 15, 2026 unless terminated sooner pursuant to the Lease. The Member has the option to extend the term of the Lease for two successive terms of 60 months each as long as the Member is not in default under the terms of the Lease both at the time that the Member exercises that option to renew and at the time the ensuing Renewal Term would commence.

The current annual rent for the Miami I Lease is \$2,096,228.22. The current annual rent for the Miami II Lease is \$1,067,372.21. The rental rates under the Lease are subject to periodic review and adjustments as approved by the Board of County Commissioners. When such rental rate adjustments are approved by the Board of County Commissioners, and new or revised rental rates applicable in whole or in part to the Premises and Improvements are established by said Board, the Department shall notify the Member in writing of such rates and the Lease shall be considered and deemed to have been administratively amended to incorporate the revised rental rates effective at the time of approval by the Board of County Commissioners.

Use of Premises

In addition to constructing the improvements thereon, pursuant to the provisions of the Lease, the Member shall use the Premises or Improvements for the following purposes only:

(i) *For the Improvements on Exhibit A* - The Member shall be allowed and entitled, in accordance with all the terms, provisions and conditions of the Lease, to use the Premises for the delivery, receipt, storage, transportation and processing of air freight and cargo (including mail) and hazardous material for and from its customers and agents, (as such agents are authorized to make use of the Member's Improvements in accordance with MDAD's policy from time to time applicable to all air carriers at MIA), and for any other lawful use normally and properly incident to the foregoing, including administrative activities relating to cargo sales and cargo reservations and operations, and the provision of air cargo transportation and related services for other carriers, provided and to the extent that such transportation and services constitute or involve the regular business activity of the Member. The Premises may also be used for the following purposes: the right to park, or permit the parking of automobiles operated by the Member, its officers, employees, guests, customers, and invitees (exclusive of passengers) the right to use and

maintain ground storage equipment, the right to establish and maintain businesses, administrative offices for the conduct of the Member's business and any subleases, and rest and recreational facilities and administrative offices for employees and employee organizations, including an aircraft lounge, an employees cafeteria, the installation, maintenance and operation of any coin-operated vending machine or device solely for the purpose of vending or providing for the consumption by the Member and any Sublessees, officers, and employees of any food, beverage, product or service, the right to train and educate persons in the phase of aviation and aeronautics which are part of the Member's and/or any Sublessee's business and functions; provided, however, that the training and education of flight personnel shall be subject to the rules and regulations of the appropriate governmental agency having jurisdiction thereof; the right to conduct any other operation of activity which is reasonably necessary or incidental to the conduct by the Member or any Sublessee of its business in the Premises or any part thereof, including office and medical facility, for which the County has granted its prior written approval: and the right to install, maintain and operate such aviation radio, communications, meteorological and aerial navigation equipment and facilities as may be necessary or convenient in the Member's opinion to its operation or that of any Sublessee. subject to the prior written consent of the County to the location, manner of installation and type thereof, which consent shall not be unreasonably withheld. The Member shall not permit these activities to interfere with designated service roads or lanes or so as to interfere with the activities of others.

(ii) *Permitted Use-of-Premises for Others* - Member shall be permitted to provide cargo handling services to other air carriers in the manner set forth in the Lease.

(iii) *Separate Businesses* - The Member is not authorized to conduct any use on the Premises different from that authorized in the Lease within the Premises or Improvements.

(iv) *Interference* - The Member expressly agreed to prevent any use of the Premises or Improvements which would materially interfere with or materially adversely affect the operation or maintenance of the Airport or otherwise constitute an airport hazard including, but not limited to the effectiveness or accessibility of the Airports navigational aids or the drainage, sewerage, water, electrical, communications, fire protection or other systems installed or located at the Airport.

(v) *Inoperable Aircraft* - The Member agreed that the aircraft left in its possession in non-flyable condition shall not be parked or stored on the Premises for a period in excess of 60 days without the prior written approval of the Department. The Member shall not move any non-flyable aircraft from its leasehold to non-leased areas of the Airport without the express written approval of the Department.

(vi) *Use of the Ramp* - The parties acknowledged that the County, LanChile and a developer named Airis will enter or have entered into a Ramp Management Agreement (the "RMA") to establish the mechanism by which LanChile and Airis will recover the capital, management, operating and maintenance costs, and land rental of the ramp adjacent to Member's Premises (the "Ramp") and as shown on the site plan attached to the Lease. The County agreed that the tenants of Buildings 709, 710, and 711 shall have fair, reasonable and not unjustly discriminatory rights of usage of such ramp and the parties agreed that the RMA provides at least the following:

(a) Of the three tenants making primary use of the Ramp, the Member as tenant of proposed Buildings 709 and 710 shall be responsible for 55.3% of the capital management, maintenance and operating costs, and land rental of the Ramp. The tenant of proposed Building 711 shall be responsible for 21.8% of such costs, and the County (either on its own or through the tenant of proposed Building 712) shall be responsible for 22.9% of operating

and maintenance costs only. The County shall pay its proportionate share of the initial construction costs of the Ramp to LanChile or its designated party in cash consistent with the Lease. Thereafter, the County shall only be responsible for its share of the annual operating and maintenance costs for the Ramp at 22.9%, its proportionate share of those costs.

(b) LanChile shall cause the ramp to be constructed in the manner provided in the Lease. The final cost of the ramp, plus projected operating, managing, maintaining, financing costs and land rental shall be determined, and the tenant of Building 711 shall be responsible for paying to LanChile or designated party such costs, multiplied by Building 711's proportionate share of 21.8%. Such costs shall be paid on an annual basis, with the initially financed construction costs to be amortized over a period of not more than 20 years and such annual payments will become a credit for the Member (including aircrafts that are wet-leased by the Member from other carriers) and tenant of Building 711 to use against their aircraft parking charges for the County fiscal year.

(c) LanChile and/or Airis shall then determine the aircraft parking charges to apply from time to time for all aircraft users of the ramp. Such charges shall be established with the County's approval, and shall be generally consistent with current MDAD rates, but may not be lower than County's charges at other areas of the airport. As the Member's and the tenant of Building 711's aircraft use the Ramp, they shall be obligated to pay the aircraft parking charges established above for such use, but shall have a credit each year equal to the amount of money the Member and tenant of Building 711 actually pays under the Lease as described in (b) above. If the tenant of Building 711's aircraft parking charges in a County fiscal year period (October 1 to September 30) exceed such credit amount, the tenant of Building 711 shall pay the additional charges to the designated Ramp Manager in accordance with the payment policy established by LanChile and the County from time to time.

(d) The tenant of Building 712, who will not have any credits, will pay the established aircraft parking charges based on its usage of the Ramp.

(e) For the Initial Term, the Member (including aircrafts that are wet-leased by the Member from other carriers) will not have to pay aircraft parking charges in excess of its pro rata share credit amount since it is assuming the responsibility for the construction of the Ramp and is taking a significant risk by using its credit to obtain the financing, except under the circumstance where LanChile has used all of its annual credits, and must park aircraft on the County-owned portion of the ramp.

(f) The Member (including aircrafts that are wet-leased by the Member from other carriers) and the tenant of Building 711 and any wholly-owned subsidiaries of their corporate parents shall be entitled to preferential use of the Ramp, as "preferential use" is defined by the County from time to time and made applicable to all similarly situated air carriers at MIA.

(g) The RMA shall specifically acknowledge the tenant of Building 711's third-party beneficiary status under the RMA and not preclude Building 711's rights to enforce its payment obligations or credit rights under the Lease or its preferential use rights under the Lease against the owners of the Ramp, the County or LanChile or Airis, the Developer.

(h) Except as otherwise set forth in the Lease, all parsing fees collected by the Ramp Manager shall be paid to the County until such time as the County recovers its initial cash investment paid for its portion of the Ramp it owns, and thereafter shall be periodically

distributed to the Member and the County in accordance with the following percentages - County 22.9% and Member 77.1%; provided however such percentages shall be adjusted to satisfy any court order based on a determination under federal law or a trust agreement.

Casualty and Condemnation

Member is required to restore the improvements following the occurrence of a casualty.

Assignment and Subletting

The Member has limited rights to assign or sublease the Lease without the express written consent of the County. Leasehold mortgages are permitted under the Lease. Termination of the Lease will terminate the lien rights of the leasehold mortgagee; provided, however, that the leasehold mortgagee is entitled to notice and cure with respect to any defaults by Member under the Lease.

Events of Default and Remedies

Failure of the Member to make all payments of rentals, fees and charges required to be paid herein when due shall constitute a default, and the County may, at its option terminate this Agreement after 10 business days notice in writing to the Member unless the default is cured within the notice period.

The County shall have the right, upon 10 business written notice to the Member, to terminate this Agreement if the Member fails to provide evidence of insurance coverage in strict compliance with Article 12 hereof prior to commencement of operations, or fails to provide a renewal of said evidence upon its expiration; provided, however, that such termination shall not be effective if the Member provides the required evidence of insurance coverage within the notice period.

The County shall have the right, upon 30 calendar days written notice to the Member, to terminate this Agreement upon the occurrence of any one or more of the following, unless the same shall have been corrected within such period, or, if correction cannot reasonably be completed within such 30-day period, the Member has commenced substantial corrective steps within such 30-day period and diligently pursues same to completion:

(i) Failure of the Member to comply with any covenants of this Agreement, other than the covenants to pay rentals, fees and charges when due, and the covenants to provide required evidence of insurance coverage.

(ii) The conduct of any business, the performance of any service, or the merchandising of any product or service not specifically authorized herein, by the Member

Except in the instance of a Mortgagee cure as provided for in the Lease, the Lease shall be automatically terminated upon the abandonment by the Member of the Premises and Improvements for any period of time exceeding 60 consecutive calendar days, unless such abandonment has been caused by strike, labor disturbance, acts of God, civil disturbance or governmental order that prevents the Member's use of the Premises and Improvements for the purposes authorized in the Lease.

The Member shall vacate, quit, surrender up and deliver the Premises and Improvements to the County on or before the termination date of the Lease, whether by lapse of time or otherwise. The Member shall surrender the Premises and Improvements in the condition required under the Lease. All repairs for which the Member is responsible shall be completed prior to surrender. The Member shall deliver to the Department all keys to the Premises and improvements upon surrender. On or before the

termination date of the Lease, except in the instance of termination by abandonment, in which event the Member shall be allowed up to five calendar days from date of termination and provided that the Member is not in default in the payment of any rentals, fees or charges required to be paid in the Lease, the Member shall remove all of its personal property from the Premises and Improvements. Any personal property of the Member not removed in accordance with this may be removed by the Department for storage at the cost of the Member.

Failure on the part of the Member to reclaim its personal property within 30 days from the date of termination shall constitute a gratuitous transfer of title thereof to the County for whatever disposition is deemed to be in the best interest of the County.

At any time after the Member has been given notice of termination or default, pursuant to the Lease, and the curative period established in respect of the default in the Lease has expired the County shall have the right to enter on the Premises and Improvements exclusive of bonded areas within the Improvements for the purpose of showing same to prospective tenants or users.

The Lease shall be subject to termination by the Member in the event of a default by the County in the performance of any covenant or agreement required in the Lease to be performed by the County and the failure of the County to remedy same within a reasonable period of time following receipt of written notice from the Member of such default.

The Lease shall be subject to termination by the County or the Member in the event of any one or more of the following:

- (i) The permanent abandonment of the Airport.
- (ii) The lawful assumption by the United States Government or any authorized agency thereof, of the operation, control or use of the Airport, or any substantial part or parts thereof, in such a manner as to substantially restrict the Member from operating therefrom for a period in excess of 90 consecutive days, provided that nothing contained herein shall be deemed to constitute a waiver by the Member of any right it may have against the United States to just compensation in the event of any such assumption.
- (iii) The issuance by any court of competent jurisdiction of any injunction in any way substantially preventing or restraining the use of the Airport, and the remaining in force of such injunction for a period in excess of 90 days.

Notwithstanding the foregoing, and anything else contained in Lease to the contrary, the County's right to terminate the Lease shall be subject and conditioned upon the County first giving written notice to the Lender, the Member and Airis of any failure under the Lease which entitles the County to terminate the Lease and opportunity to cure any such failure. The cure period shall be 10 days for any failure by the Member to pay any monetary default or 30 days for any nonmonetary default. In the event of any nonmonetary default by the Member following written notice by the County of such default and if during such time the Member is diligently prosecuting a cure to completion, then the County shall allow such additional time as is reasonable and necessary to cure such nonmonetary default. In the event the cure is made during the time frames described above, the County shall not have a right to terminate for such cured default.

Milwaukee General Mitchell International Airport

Leased Premises

The leased premises consist of approximately 452,025 square feet of land together with certain rights and interests with respect to an approximately 131,388 square foot air cargo facility.

Term and Rent

The current term of the Lease expires May 31, 2020, which date is twenty (20) years from the date of Substantial Beneficial Occupancy (as defined in the Lease) of the additional improvements made to expand the air cargo facility, which date shall be (i) designated in a written notice from the Airport Director to Member that the facility is open to the public for business, or (ii) three hundred and sixty-five (365) days after the Construction Initiation Date, whichever is earlier. The Member shall have the right to renew the Lease for one (1) additional term of five (5) years upon the same terms and conditions upon not less than sixty (60) days prior notice. Please note that the Lessor may terminate the Lease if the County Board determines in good faith that such termination is necessary to secure federal financial aid or if it needs to use the premises for a different purposes (including extension or relocation of the airport), provided Lessor pays a termination fee to Member, which fee is based upon the value of the tenant improvements or the amount of Member's unamortized investment therein.

The current annual rent is \$107,627.15. The annual rent is adjusted February 1st of each year by the Lessor based on the percentage increase or decrease in the Consumer Price Index (All Urban Consumers) for the Milwaukee area as published by the U.S. Department of Labor, Bureau of Labor Statistics, or the generally accepted national replacement or successor index, as readjusted to the base month and computed by comparison of the then-current July index with the index of the preceding July.

Uses of Premises

The Member shall use the demised premises to design, construct, operate, maintain, lease, sublease, and manage a multi-Member air cargo facility, together with all necessary appurtenances facilities, for the purpose of providing warehouse and office space, including other ancillary services in connection with such uses, to persons or entities regularly engaged in the air cargo business. The Member shall not at any time engage in any business or activity on the leased premises other than those activities specifically authorized and contemplated under the terms of the Lease.

Casualty and Condemnation

Member may terminate the Lease following the occurrence of a casualty resulting in damage to the improvements that is incapable of restoration within 240 days.

Assignment and Subletting

The Member shall not assign the agreement, in whole or in part or sublease any portion of the premises without the prior written consent of Lessor. Leasehold mortgagees are entitled to notice and cure with respect to defaults under the Lease.

Events of Default and Remedies

The Lessor, upon the happening of either of the following events, at its option, may terminate the Lease by giving thirty (30) days written notice to Member:

(i) If Member shall fail to perform, keep, and observe any of the terms, covenants, or conditions contained in the Lease on the part of Member to be performed, kept, or observed, and shall have failed to correct such default within thirty (30) days after receipt of written notice of such default from Lessor. In the event Member breaches said agreement, Member shall continue to pay Lessor monthly rental, at the then current rental rates, until such time as Member's obligations are discharged under the Lease.

(ii) If Member shall file a voluntary petition of bankruptcy; or if involuntary proceedings in bankruptcy be instituted against Member and Member is thereafter adjudicated a bankrupt pursuant to such proceedings; or if a court shall take jurisdiction of Member and its assets pursuant to proceedings brought under the provisions of any federal organization act and such proceedings remained undismissed for sixty (60) days; or if a receiver of Member and its assets be appointed and such appointment is not vacated within sixty (60) days; or if Member be divested of the estate herein by operation of law.

Newark Liberty International Airport

Leased Premises

The leased premises consists of approximately 1,000,774 square feet of land, which is located at Newark Liberty International Airport.

Term and Rent

The Lease expires on the last day of the month during which occurs the 25th anniversary of the Commencement Date, which is June 30, 2021.

On the first day of each and every calendar month the Member shall make rental payments pursuant to the Lease. The current annual rent is approximately \$3,650,000. Such rental payments will be adjusted in accordance with the Lease.

Use of Premises

The Member agreed to and shall use the premises or cause the premises to be used for the following purposes and for activities reasonably required for such purposes and for such purposes and activities only:

(i) For the reception, sorting, temporary storage and distribution by Permitted Sublessees or Permitted Cargo Handlers of the air cargo of Scandinavian Airlines System, Virgin Atlantic Airways Limited or of other Permitted Sublessees or air cargo airlines;

(ii) For loading and unloading operations in connection with the Member's, Permitted Sublessees', and Permitted Cargo Handlers' operations under the Lease;

(iii) For the parking, storage, routine maintenance, minor repair, cleaning and servicing of aircraft operated by Handled Airlines and mobile equipment used by the Member, Permitted Sublessees or Permitted Cargo Handlers in connection therewith, and for the maintenance and repair of personal property operated by the Member, Permitted Sublessees or Permitted Cargo Handlers in connection with its or their operations under the Lease;

(iv) For the storage of aircraft parts and supplies;

(v) For business and administrative offices and storerooms and employees' locker rooms in connection with the Member's, Permitted Sublessees' or Permitted Cargo Handlers' operations under the Lease.

(vi) For the parking of passenger automobiles used by the officers, employees, invitees and business visitors of the Member, including construction workers during the period of construction, Permitted Sublessees or Permitted Cargo Handlers.

(vii) For any other purpose or activity which the Lessor may, from time to time, expressly authorize in advance and in writing.

The Member shall commit no unlawful nuisance, waste or injury on the premises, and shall not do or permit to be done anything which may result in the creation or commission or maintenance of such nuisance, waste or injury on the premises.

The Member shall not create nor permit to be caused or created upon the premises any obnoxious odors or smokes, or noxious gases or vapors. The creation of exhaust fumes by the operation of the internal-combustion engines or aircraft engines of other types, so long as such engines are maintained and are being operated in a proper manner, shall not be a violation as described in this paragraph.

The Member shall not do or permit to be done anything which may interfere with the effectiveness or accessibility of the drainage and sewerage system, water system, communications system, electrical, fire-protection system, sprinkler system, alarm system, fire hydrants and hoses and other systems, if any, installed or located on, under, or in the premises.

The Member shall not do or permit to be done any act or thing upon the premises (i) which will invalidate or conflict with any fire insurance, extended coverage or rental insurance policies covering the premises or any part thereof, or the Airport, or any part thereof, or (ii) which in the opinion of the Lessor, may constitute an extra-hazardous condition, so as to increase the risks normally attendant upon the operations contemplated by the Lease. The Member shall promptly observe, comply with and execute the provisions of any and all present and future rules and regulations, requirements, orders and directions of the National Board of Fire Underwriters and the Fire Insurance Rating Organization of New Jersey, or of any other board or organization exercising or which may exercise similar functions, which may pertain or apply to the operations of the Member on the premises, and the Member shall, subject to and in accordance with the provisions of the Lease, make any and all structural and nonstructural improvements, alterations or repairs of the premises required at any time hereafter by any such present or future rule, regulation, requirement, order or direction. If by reason of any failure on the part of the Member to comply with the provisions of this paragraph any fire insurance rate, extended coverage or rental insurance rate on the premises or any part thereof, or on the Airport or any part thereof, shall at any time be higher than it would be if the premises were properly used for the purposes permitted by the Lease, then the Member shall pay to the Lessor, as an item of additional rental, that part of all insurance premiums paid by the Lessor which shall have been charged because of such violation or failure by the Member.

The Member shall not dispose of nor permit any one to dispose of any waste material taken from its aircraft (whether liquids or solid) by means of the toilets, manholes, sanitary sewers or storm sewers in the premises except after treatment in installations or equipment included in plans and specifications submitted to and approved by the Lessor.

The Member shall not keep or store nor permit any one to keep or store during any 24-hour period flammable liquids within any enclosed portion of the premises (other than in rooms or areas

expressly constructed for the storage of such liquids) in excess of the Member's working requirements during the said 24-hour period. Any such liquids having a flash point of less than 110 degrees Fahrenheit shall be kept and stored in safety containers of a type approved by the Underwriters Laboratories or the Factory Mutual Insurance Association.

The Member shall prevent or cause to be prevented access by persons or vehicles (unless duly authorized by the Lessor) to the Public Ramp and Apron Area and Public Landing Area from the premises, except for aircraft, which aircraft shall be equipped with radio receivers tuned to control tower frequencies and adequately manned. Such aircraft may be towed by a motor vehicle or such other means as may be approved by the Lessor. The Member shall prevent such access by such means as the Lessor shall approve. Such prevention shall be accomplished on a 24-hour, seven day week basis. In the event the Lessor is obligated by the Federal Aviation Administration to secure the aforesaid strips of land and to prevent such access, the Lessor shall send to the Member a statement of its costs in providing such security and the Member shall promptly pay the said costs to the Lessor.

The Member shall not install, maintain or operate, nor permit the installation, maintenance or operation on the premises of any vending-machine or device designed to dispense or sell food, beverages, tobacco, tobacco products or merchandise of any kind, whether or not described in the above categories, or of any restaurant, cafeteria, kitchen, stand or other establishment of any type for the preparation, dispensing or sale of food, beverages, tobacco, tobacco products or merchandise of any kind, whether or not described in the above categories, or of any equipment or device for the furnishing to the public of service of any kind, including therein, without limitation thereto, telephone pay stations. The Lessor, by itself or by contractors, Members or permittees, shall have the exclusive right to install, maintain and receive the revenues from all coin-operated or other vending machines or devices installed by it and operated on the premises for the sale of merchandise of all types or for the rendering of services; provided, however, that no such machine or device shall be installed except upon the request of the Member. If the Lessor does not install and maintain any such machine that the Member may reasonably request, the Member shall have the right to do so; provided, however, (i) that the Member shall pay or cause to be paid to the Lessor each month for each machine upon the same basis for the preceding month as any concessionaire, permittee or licensee of the Lessor then operating machines at the Airport for the sale of similar merchandise or the rendering of similar services, and (ii) that in the event the Member exercises such right the Lessor, at any time thereafter, on ninety (90) days' notice to the Member, may substitute for the Member's machines other machines selling similar merchandise or services operated by the Lessor or by its licensee, permittee or concessionaire, and thereupon the Member shall remove its machines.

The Member shall not use nor permit the use of any structural supporting member of the building or roof or any part thereof for the storage of any material or equipment, or hoist, lift, move or support any material or equipment or other weight or load, by means of said trusses or structural supporting members, unless the same were specifically designed for such use and included in the Member's plans and specifications for the Construction Work and approved by the Lessor pursuant to the Lease.

The Member shall not overload nor permit the overloading of any floor on the premises, and shall repair, replace or rebuild any floor, including supporting members, damaged by overloading.

The Member shall not use nor permit the use of the premises for the sale of tickets to the general public for air transportation either upon its own aircraft or the aircraft of others.

The Member shall not use nor permit the use of any cleaning materials having a harmful corrosive effect, on any part of the premises.

The Member shall not fuel or defuel nor permit the fueling or defueling the aircraft or other equipment in the enclosed portions of the premises without prior approval of the General Manager of the Airport; provided, however, that the Member shall not be prohibited from using gasoline or other fuel in such enclosed portions where necessary in repairing and testing component parts, and in such event the Member shall take all precautions reasonably necessary to minimize the hazard created by such use.

The Member shall not start or operate nor permit the starting or operation of any engine or any item of automotive equipment in any enclosed space on the premises unless such space is adequately ventilated and unless such engine is equipped with a proper spark-arresting device which has been approved by the Lessor.

The Member shall not operate nor cause to be operated aircraft engines in any portions of the premises other than for the purpose of taxiing aircraft to and from the premises or in connection with authorized aircraft maintenance on the premises.

The Member shall not keep or store nor permit to be kept or stored aviation fuel on the premises except that fueling equipment may be operated on the premises in accordance with all the provisions of the Lease and with the Lessor Rules and Regulations pertaining thereto.

Casualty and Condemnation

The Member is obligated to restore the improvements located the Premises following a casualty, to the extent that insurance proceeds are available for such restoration. The Lease will terminate automatically upon the occurrence of a taking of all or substantially all of the Premises, and the Member is entitled to receive a portion of the award payable in connection with such taking in accordance with the terms of the Lease.

Assignment and Subletting

Except as otherwise permitted by the terms of the Lease, the Member shall not sell, convey, transfer, mortgage, pledge or assign the Lease or any part thereof, or any rights created thereby or the letting thereunder or any part thereof without the prior written consent of the Lessor and the payment of the required fee. The Member shall not sublet the premises or any part thereof, without the prior written consent of the Lessor and the payment of the required fee.

Events of Default and Remedies

Each of the following events constitutes an Event of Default under the Lease:

(i) The Member shall become insolvent or shall take the benefit of any present or future insolvency statute, or shall make a general assignment for the benefit of creditors, or file a voluntary petition in bankruptcy or a petition or answer seeking an arrangement or its reorganization or the readjustment of its indebtedness under the federal bankruptcy laws or under any other law or statute of the United States or of any state thereof, or consent to the appointment of a receiver, trustee, or liquidator of all or substantially all of its property;

(ii) By order or decree of a court the Member shall be adjudged bankrupt or an order shall be made approving a petition filed by any of its creditors or by any of the stockholders of the Member, seeking its reorganization or the readjustment of its indebtedness under the federal bankruptcy laws or under any law or statute of the United States or of any state thereof, provided that if any such judgment or

order is stayed or vacated within sixty (60) days after the entry thereof, any notice of cancellation shall be and become null, void and of no effect;

(iii) By or pursuant to, or under authority of any legislative act, resolution or rule, or any order or decree of any court or governmental board, agency or officer having jurisdiction, a receiver, trustee, or liquidator shall take possession or control of all or substantially all of the property of the Member, and such possession or control shall continue in effect for a period of sixty (60) days;

(iv) The Member shall voluntarily abandon, desert or vacate the premises or discontinue its operations at the Airport, or after exhausting or abandoning any right of further appeal, the Member shall be prevented for a period of thirty (30) days by action of any governmental agency other than the Lessor having jurisdiction thereof, from conducting its operations at the Airport, regardless of the fault of the Member;

(v) Any lien is filed against the premises because of any act or omission of the Member and shall not be discharged or bonded within thirty (30) days after the Member has received notice thereof;

(vi) Except as otherwise provided in the Lease, the letting under the Lease or the interest or estate of the Member under the Lease shall be transferred directly by the Member or shall pass to or devolve upon, by operation of law or otherwise, any other person, firm or corporation;

(vii) A petition under any part of the federal bankruptcy laws or an action under any present or future insolvency law or statute shall be filed against the Member and shall not be dismissed or stayed within forty-five (45) days after the filing thereof;

(viii) The Member shall, without the prior written approval of the Lessor, become a successor or merged corporation in a merger or a constituent corporation in a consolidation, or a corporation in dissolution;

(ix) The Member shall fail duly and punctually to pay the rentals or fees or to make any other payment required under the Lease when due to the Lessor and shall continue in its failure to pay rentals or to make other payments required hereunder for a period of ten (10) days after receipt of notice by it from the Lessor to make such payments;

(x) The Member shall fail to keep, perform and observe each and every other promise, covenant and agreement set forth in the Lease on its part to be kept, performed, or observed, within thirty (30) days after receipt of notice of default thereunder from the Lessor (except where fulfillment of its obligation requires activity over a period of time, and the Member shall have commenced to perform whatever may be required for fulfillment within thirty (30) days after receipt of notice and continues such performance without interruption except for causes beyond its control); then upon the occurrence of any such event or at any time thereafter during the continuance thereof, the Lessor may upon fifteen (15) days' notice terminate the rights of the Member under the Lease and the letting, such termination to be effective upon the date specified in such notice. Such right of termination and the exercise thereof shall be and operate as a conditional limitation;

(xi) Any individual, corporation, company, partnership or other entity shall have direct or indirect beneficial ownership of a portion of any class of outstanding voting securities of the Member, unless the Lessor shall have given its prior written consent; and

(xii) There shall be an issuance, transfer, purchase or exchange of all or a portion of any class of outstanding voting securities of the Member, or the creation, transfer, purchase or exchange of any

rights or privileges thereunder, or the transfer, purchase or exchange of all or a portion of the assets of the Member, which (a) causes or results in the creation of another corporation for the purpose, among others, of accepting and holding securities of the Member, or which (b) places control of the Member solely in a different entity, or which (c) effects, causes or results in a transfer or change in the entity exercising control over the Member, unless, in any such case, the Lessor shall have given its prior written consent.

No acceptance by the Lessor of rentals, fees, charges or other payments in whole or in part for any period or periods after a default of any of the terms, covenants and conditions of the Lease to be performed, kept or observed by the Member shall be deemed a waiver of any right on the part of the Lessor to terminate the letting, except that no claim of default for non-payment shall be asserted under the Lease with respect to any installment of rental, fee, charge or other payment to the extent the same has been accepted by the Lessor.

No waiver by the Lessor of any default on the part of the Member in performance of any of the terms, covenants or conditions hereof to be performed, kept or observed by the Member shall be or be construed to be a waiver by the Lessor of any other or subsequent default in performance of any of the said terms, covenants and conditions.

The rights of termination described above shall be in addition to any other rights of termination provided in the Lease and in addition to any rights and remedies that the Lessor would have at law or in equity consequent upon any breach of the Lease by the Member, and the exercise by the Lessor of any right of termination shall be without prejudice to any other such rights and remedies.

The Lessor shall, as an additional remedy upon the giving of a notice of termination as described above, have the right to re-enter the premises and every part thereof upon the effective date of termination without further notice of any kind, and may regain and resume possession either with or without the institution of summary or any other legal proceedings or otherwise. Such re-entry, or regaining or resumption of possession, however, shall not in any manner affect, alter or diminish any of the obligations of the Member under the Lease, and shall in no event constitute an acceptance of surrender.

Louis Armstrong New Orleans International Airport

The Mortgage with respect to the Louisiana Member's Lease encumbers the Louisiana Member's interests in five (5) separate ground leases totaling approximately 509,380.78 square feet at Lafon Air Park at Louis Armstrong New Orleans International Airport. Each Lease contains substantially identical provisions as summarized below, except where noted.

Leased Premises

Building 1 - The leased premises consist of approximately 114,251.80 square feet of land together with certain rights and interests with respect to Building 1 at Lafon Air Park at Louis Armstrong New Orleans International Airport.

Building 2 - The leased premises consist of approximately 65,914.50 square feet of land together with certain rights and interests with respect to Building 2 at Lafon Air Park at Louis Armstrong New Orleans International Airport.

Building 3 - The leased premises consist of approximately 119,218.64 square feet of land together with certain rights and interests with respect to Building 3 at Lafon Air Park at Louis Armstrong New Orleans International Airport.

Building 4 - The leased premises consist of approximately 144,081.34 square feet of land together with certain rights and interests with respect to Building 4 at Lafon Air Park at Louis Armstrong New Orleans International Airport.

Building 5 - The leased premises consist of approximately 65,914.50 square feet of land together with certain rights and interests with respect to Building 5 at Lafon Air Park at Louis Armstrong New Orleans International Airport.

Term and Rent

Building 1 - The Lease was scheduled to expire on November 30, 2010 with two (2) additional renewal periods of ten (10) years and five (5) years terms (which must be exercised by Member sixty (60) days prior to the then current term). The Lease has been extended through November 30, 2020. The current annual rent is \$20,037.72. The rent is payable monthly and increases upon five-year intervals based on the percentage change in the Consumer Price Index for the five-year period preceding the renewal term.

Building 2 - The Lease was scheduled to expire on May 31, 2011 with two (2) additional renewal terms of ten (10) years and four and a half (4.5) years ending November 30, 2025 (must be exercised by Member sixty (60) days prior to then current term). The Lease has been extended through May 31, 2021. The current annual rent is \$11,560.23. The rent is payable monthly and increases upon five-year intervals based on the percentage change in the Consumer Price Index for the five-year period preceding the renewal term.

Building 3 - The Lease was scheduled to expire on November 30, 2010 with two (2) renewal periods of ten (10) and five (5) years (must be exercised by Member sixty (60) days prior to the then current term) ending November 30, 2025. The Lease has been extended through November 30, 2020. The current annual rent is \$52,981.44. The rent is payable monthly and increases upon five-year intervals based on the percentage change in the Consumer Price Index for the five-year period preceding the renewal term.

Building 4 - The Lease was scheduled to expire on May 31, 2011 with two (2) additional renewal terms of ten (10) years and four and a half (4.5) years ending November 30, 2025 (must be exercised by Member sixty (60) days prior to then current term). The Lease has been extended through May 31, 2021. The current annual rent is \$26,321.52. The rent is payable monthly and increases upon five-year intervals based on the percentage change in the Consumer Price Index for the five-year period preceding the renewal term.

Building 5 - The Lease was scheduled to expire on November 30, 2010 with two (2) renewal periods of ten (10) and five (5) years (must be exercised by Member sixty (60) days prior to the then current term) ending November 30, 2025. The Lease has been extended through November 30, 2020. The current annual rent is \$11,560.23. The rent is payable monthly and increases upon five-year intervals based on the percentage change in the Consumer Price Index for the five-year period preceding the renewal term.

Use of Premises

The conduct of air cargo and aircraft maintenance operations and related activities.

Casualty and Condemnation

Should the Air Park or the Premises be made untenable or unusable during the term of the Lease or any extensions or renewals of the Lease, to such an extent that the same cannot be put into tenantable condition by the Lessor in less than 90 days, then and in that event, the Member shall have the right to the return of all advanced unused rentals, provided, however, that should the Lessor be able to restore the Premises to a tenantable condition within 90 days after the date that the Premises became untenable or unusable, and in that event, the Member shall not be entitled to cancel the Lease, but shall not be obligated to pay rent for that period during which the Premises are being restored to a tenantable condition; and provided, further, that should the Member be able to use a portion of the Premises for the purpose of the Lease, during such time as the same are being restored to their original condition by the Lessor, in that event the Member shall pay proportionate rent in proportion to the square feet of said Premises being used as to the square footage of the entire Premises the subject of the Lease. The Lease will terminate automatically upon the occurrence of a taking of all or substantially all of the Premises, and the Member is entitled to seek a portion of the award attributable to its leasehold interest.

Assignment and Subletting

Generally, Lessor's consent is required for Member to assign the Lease. Member may, however, assign the Lease or solicit the premises to an air carrier holding a certificate from the Civil Aeronautics Board or to any other party authorized to do business at Lewis Armstrong New Orleans International Airport without Lessor's consent. Member may sublet the premises without the consent of Lessor. Leasehold mortgagees of the Project are entitled to notice and cure with respect to defaults by the Member.

Events of Default and Remedies

The Lessor may cancel the Lease by giving Member sixty (60) days advance written notice upon default by Member at any time in the due payment of any installment of rent or other sum payable by Member to Lessor and performance of any other covenant, condition, or stipulation for a period of thirty (30) days after written notice to Member. Lessor shall have the full right upon giving thirty (30) days written notice, provided Member is still in default at the end of such second thirty (30) day period, to enter in, into and upon the premises and take possession of the same.

John F. Kennedy International Airport (Site 8 and Site 9A)

The Lease relating to Site 8 and the Lease relating to Site 9A contain substantially identical provisions as summarized below, except where noted.

Leased Premises

Site 8 - The leased premises consist of approximately 790,962 square feet of land identified by the Lease as Site 8, which is located at John F. Kennedy International Airport.

Site 9A - The leased premises consist of approximately 1,026,143 square feet of land identified by the Lease as Site 9A, which is located at John F. Kennedy International Airport.

Term and Rent

Unless sooner terminated, the Lease shall expire at 11:59 p.m. on December 30, 2015. The Lease may be extended, but the Lease shall expire no later than July 14, 2028.

On the first day of each and every calendar month the Member shall make rental payments pursuant to the Lease. The current annual rent is approximately \$6,525,000. Such rental payments will be adjusted in accordance with the Lease.

Use of Premises

The Member agreed to and shall use the premises or cause the premises to be used for the following purposes and for activities reasonably required for such purposes and for such purposes and activities only:

(i) For the reception, sorting, temporary storage and distribution by Permitted Sublessees or Permitted Cargo Handlers of the air cargo of certain airlines or of other Permitted Sublessees or air cargo airlines;

(ii) For loading and unloading operations in connection with the Member's, Permitted Sublessees', and Permitted Cargo Handlers' operations hereunder;

(iii) For the parking, storage, routine maintenance, minor repair, cleaning and servicing of aircraft operated by Handled Airlines and mobile equipment used by the Member, Permitted Sublessees or Permitted Cargo Handlers in connection therewith, and for the maintenance and repair of personal property operated by the Member, Permitted Sublessees or Permitted Cargo Handlers in connection with its or their operations under the Lease;

(iv) For the storage of aircraft parts and supplies;

(v) For business and administrative offices and storerooms and employees' locker rooms in connection with the Member's, Permitted Sublessees' or Permitted Cargo Handlers' operations under the Lease;

(vi) For the parking of passenger automobiles used by the officers, employees, invitees and business visitors of the Member, including construction workers during the period of construction, Permitted Sublessees or Permitted Cargo Handlers; and

(vii) For any other purpose or activity which the Lessor may, from time to time, expressly authorize in advance and in writing.

The Member shall commit no unlawful nuisance, waste or injury on the premises, and shall not do or permit to be done anything which may result in the creation or commission or maintenance of such nuisance, waste or injury on the premises.

The Member shall not create nor permit to be caused or created upon the premises any obnoxious odors or smokes, or noxious gases or vapors. The creation of exhaust fumes by the operation of the internal-combustion engines or aircraft engines of other types, so long as such engines are maintained and are being operated in a proper manner, shall not be a violation as described in this paragraph.

The Member shall not do or permit to be done anything which may interfere with the effectiveness or accessibility of the drainage and sewerage system, water system, communications system, electrical, fire-protection system, sprinkler system, alarm system, fire hydrants and hoses and other systems, if any, installed or located on, under, or in the premises.

The Member shall not do or permit to be done any act or thing upon the premises (i) which will invalidate or conflict with any fire insurance, extended coverage or rental insurance policies covering the premises or any part thereof, or the Airport, or any part thereof, or (ii) which in the opinion of the Lessor, may constitute an extra-hazardous condition, so as to increase the risks normally attendant upon the operations contemplated by the Lease. The Member shall promptly observe, comply with and execute the provisions of any and all present and future rules and regulations, requirements, orders and directions of the National Board of Fire Underwriters and the Insurance Services Offices of New York, or of any other board or organization exercising or which may exercise similar functions, which may pertain or apply to the operations of the Member on the premises, and the Member shall, subject to and in accordance with the provisions of the Lease, make any and all structural and nonstructural improvements, alterations or repairs of the premises required at any time hereafter by any such present or future rule, regulation, requirement, order or direction. If by reason of any failure on the part of the Member to comply with the provisions of this paragraph any fire insurance rate, extended coverage or rental insurance rate on the premises or any part thereof, or on the Airport or any part thereof, shall at any time be higher than it would be if the premises were properly used for the purposes permitted by the Lease, then the Member shall pay to the Lessor, as an item of additional rental, that part of all insurance premiums paid by the Lessor which shall have been charged because of such violation or failure by the Member.

The Member shall not dispose of nor permit any one to dispose of any waste material taken from its aircraft (whether liquids or solid) by means of the toilets, manholes, sanitary sewers or storm sewers in the premises except after treatment in installations or equipment included in plans and specifications submitted to and approved by the Lessor.

The Member shall not keep or store nor permit any one to keep or store during any 24-hour period flammable liquids within any enclosed portion of the premises (other than in rooms or areas expressly constructed for the storage of such liquids) in excess of the Member's working requirements during the said 24-hour period. Any such liquids having a flash point of less than 110 degrees Fahrenheit shall be kept and stored in safety containers of a type approved by the Underwriters Laboratories or the Factory Mutual Insurance Association.

The Member shall prevent or cause to be prevented access by persons or vehicles (unless duly authorized by the Lessor) to the Public Ramp and Apron Area and Public Landing Area from the premises, except for aircraft, which aircraft shall be equipped with radio receivers tuned to control tower frequencies and adequately manned. Such aircraft may be towed by a motor vehicle or such other means as may be approved by the Lessor. The Member shall prevent such access by such means as the Lessor shall approve. Such prevention shall be accomplished on a 24-hour, seven day week basis. In the event the Lessor is obligated by the Federal Aviation Administration to secure the aforesaid strips of land and to prevent such access, the Lessor shall send to the Member a statement of its costs in providing such security and the Member shall promptly pay the said costs to the Lessor.

The Member shall not install, maintain or operate, nor permit the installation, maintenance or operation on the premises of any vending-machine or device designed to dispense or sell food, beverages, tobacco, tobacco products or merchandise of any kind, whether or not described in the above categories, or of any restaurant, cafeteria, kitchen, stand or other establishment of any type for the preparation, dispensing or sale of food, beverages, tobacco, tobacco products or merchandise of any kind, whether or not described in the above categories, or of any equipment or device for the furnishing to the public of service of any kind, including therein, without limitation thereto, telephone pay stations. The Lessor, by itself or by contractors, Members or permittees, shall have the exclusive right to install, maintain and receive the revenues from all coin-operated or other vending machines or devices installed by it and operated on the premises for the sale of merchandise of all types or for the rendering of services; provided, however, that no such machine or device shall be installed except upon the request of the

Member. If the Lessor does not install and maintain any such machine that the Member may reasonably request, the Member shall have the right to do so; provided, however, (i) that the Member shall pay or cause to be paid to the Lessor each month for each machine upon the same basis for the preceding month as any concessionaire, permittee or licensee of the Lessor then operating machines at the Airport for the sale of similar merchandise or the rendering of similar services, and (ii) that in the event the Member exercises such right the Lessor, at any time thereafter, on ninety (90) days' notice to the Member, may substitute for the Member's machines other machines selling similar merchandise or services operated by the Lessor or by its licensee, permittee or concessionaire, and thereupon the Member shall remove its machines.

The Member shall not use nor permit the use of any structural supporting member of the building or roof or any part thereof for the storage of any material or equipment, or hoist, lift, move or support any material or equipment or other weight or load, by means of said trusses or structural supporting members, unless the same were specifically designed for such use and included in the Member's plans and specifications for the Construction Work and approved by the Lessor pursuant to the Lease.

The Member shall not overload nor permit the overloading of any floor on the premises, and shall repair, replace or rebuild any floor, including supporting members, damaged by overloading.

The Member shall not use nor permit the use of the premises for the sale of tickets to the general public for air transportation either upon its own aircraft or the aircraft of others.

The Member shall not use nor permit the use of any cleaning materials having a harmful corrosive effect, on any part of the premises.

The Member shall not fuel or defuel nor permit the fueling or defueling the aircraft or other equipment in the enclosed portions of the premises without prior approval of the General Manager of the Airport; provided, however, that the Member shall not be prohibited from using gasoline or other fuel in such enclosed portions where necessary in repairing and testing component parts, and in such event the Member shall take all precautions reasonably necessary to minimize the hazard created by such use.

The Member shall not start or operate nor permit the starting or operation of any engine or any item of automotive equipment in any enclosed space on the premises unless such space is adequately ventilated and unless such engine is equipped with a proper spark-arresting device which has been approved by the Lessor.

The Member shall not operate nor cause to be operated aircraft engines in any portions of the premises other than for the purpose of taxiing aircraft to and from the premises or in connection with authorized aircraft maintenance on the premises.

The Member shall not keep or store nor permit to be kept or stored aviation fuel on the premises except that fueling equipment may be operated on the premises in accordance with all the provisions of the Lease and with the Lessor Rules and Regulations pertaining thereto.

The Member shall not dispose of, release or discharge nor permit anyone to dispose of, release or discharge any Hazardous Substance on or from the premises or at the Airport. In addition to and without limiting any other terms of provision of the Lease, any Hazardous Substance disposed of, released or discharged by the Member (or permitted by the Member to be disposed of, released or discharged) on or from the premises or at the Airport, shall upon notice by the Lessor to the Member and subject to the provisions of Section 20 hereof, be completely removed, cleaned up and/or remediated by the Member.

The obligations of the Member pursuant to this paragraph (q) shall survive the expiration or termination of the Lease.

Casualty and Condemnation

The Member is obligated to restore the improvements located the Premises following a casualty. The Lease will terminate automatically upon the occurrence of a taking of all or substantially all of the Premises, and the Member is entitled to receive a portion of the award payable in connection with such taking in accordance with the terms of the Lease.

Assignment and Subletting

Except as otherwise permitted by the terms of the Lease, the Member shall not sell, convey, transfer, mortgage, pledge or assign the Lease or any part thereof, or any rights created thereby or the letting thereunder or any part thereof without the prior written consent of the Lessor and the payment of the required fee. The Member shall not sublet the premises or any part thereof, without the prior written consent of the Lessor and the payment of the required fee.

Events of Default and Remedies

Each of the following events constitutes an Event of Default under the Lease:

(i) The Member shall become insolvent or shall take the benefit of any present or future insolvency statute, or shall make a general assignment for the benefit of creditors, or file a voluntary petition in bankruptcy or a petition or answer seeking an arrangement or its reorganization or the readjustment of its indebtedness under the federal bankruptcy laws or under any other law or statute of the United States or of any state thereof, or consent to the appointment of a receiver, trustee, or liquidator of all or substantially all of its property;

(ii) By order or decree of a court the Member shall be adjudged bankrupt or an order shall be made approving a petition filed by any of its creditors or by any of the stockholders of the Member, seeking its reorganization or the readjustment of its indebtedness under the federal bankruptcy laws or under any law or statute of the United States or of any state thereof, provided that if any such judgment or order is stayed or vacated within sixty (60) days after the entry thereof, any notice of cancellation shall be and become null, void and of no effect;

(iii) By or pursuant to, or under authority of any legislative act, resolution or rule, or any order or decree of any court or governmental board, agency or officer having jurisdiction, a receiver, trustee, or liquidator shall take possession or control of all or substantially all of the property of the Member, and such possession or control shall continue in effect for a period of sixty (60) days;

(iv) The Member shall voluntarily abandon, desert or vacate the premises or discontinue its operations at the Airport, or after exhausting or abandoning any right of further appeal, the Member shall be prevented for a period of sixty (60) days by action of any governmental agency other than the Lessor having jurisdiction thereof, from conducting its operations at the Airport, regardless of the fault of the Member;

(v) The Member shall, within thirty (30) days after receipt of written notice from the Lessor as to the identity of the proposed subtenant, fail to deliver a letter of intent for a sublease agreement with the subtenant chosen by the Lessor for the sublease of vacant space at the Cargo Facility in the manner required by the Lease.

(vi) Any lien is filed against the premises because of any act or omission of the Member and shall not be discharged or bonded within thirty (30) days after the Member has received notice thereof;

(vii) Except as otherwise provided in the Lease, the letting under the Lease or the interest or estate of the Member under the Lease shall be transferred directly by the Member or shall pass to or devolve upon, by operation of law or otherwise, any other person, firm or corporation;

(viii) A petition under any part of the federal bankruptcy laws or an action under any present or future insolvency law or statute shall be filed against the Member and shall not be dismissed or stayed within forty-five (45) days after the filing thereof;

(ix) The Member shall, without the prior written approval of the Lessor, become a successor or merged corporation in a merger or a constituent corporation in a consolidation, or a corporation in dissolution;

(x) The Member shall fail duly and punctually to pay the rentals or fees or to make any other payment required under the Lease when due to the Lessor and the Leasehold Mortgagee/Trustee shall fail duly and punctually to pay the rentals due and payable under the Lease, and the Member and the Leasehold Mortgagee/Trustee shall continue in its failure to pay rentals or to make other payments required hereunder for a period of ten (10) days after receipt of notice by it from the Lessor to make such payments; or

(xi) The Member shall fail to keep, perform and observe each and every other promise, covenant and agreement set forth in the Lease on its part to be kept, performed, or observed, within thirty (30) days after receipt of notice of default thereunder from the Lessor (except where fulfillment of its obligation requires activity over a period of time, and the Member shall have commenced to perform whatever may be required for fulfillment within thirty (30) days after receipt of notice and continues such performance without interruption except for causes beyond its control); then upon the occurrence of any such event or at any time thereafter during the continuance thereof, the Lessor may upon fifteen (15) days' notice terminate the rights of the Member under the Lease and the letting, such termination to be effective upon the date specified in such notice. Such right of termination and the exercise thereof shall be and operate as a conditional limitation.

No failure by the Lessor to insist upon the strict performance of any agreement, term, covenant or condition of the Lease or to exercise any right or remedy consequent upon a breach or default thereof, and no extension, supplement or amendment of the Lease during or after a breach thereof, unless expressly stated to be a waiver, and no acceptance by the Lessor of rentals, fees, charges or other payments in whole or in part after or during the continuance of any such breach or default, shall constitute a waiver of any such breach or default of such agreement, term, covenant or condition. No agreement, term, covenant or condition of the Lease to be performed or complied with by the Member, and no breach or default thereof, shall be waived, altered or modified except by a written instrument executed by the Lessor. No waiver by the Lessor of any default or breach on the part of the Member in performance of any agreement, term, covenant or condition of the Lease shall affect or alter the Lease, but each and every agreement, term, covenant and condition thereof shall continue in full force and effect with respect to any other then existing or subsequent breach or default thereof.

The rights of termination described above shall be in addition to any other rights of termination provided in the Lease and in addition to any rights and remedies that the Lessor would have at law or in equity consequent upon any breach of the Lease by the Member, and the exercise by the Lessor of any right of termination shall be without prejudice to any other such rights and remedies.

The Lessor shall, as an additional remedy upon the giving of a notice of termination as described above, have the right to re-enter the premises and every part thereof upon the effective date of termination without further notice of any kind, and may regain and resume possession either with or without the institution of summary or any other legal proceedings or otherwise. Such re-entry, or regaining or resumption of possession, however, shall not in any manner affect, alter or diminish any of the obligations of the Member under the Lease, and shall in no event constitute an acceptance of surrender.

Norfolk International Airport

Leased Premises

The leased premises consist of approximately 345,982 square feet of land together with certain rights and interests with respect to Buildings 1 and 2 at Norfolk International Airport, being an approximately 87,595 square foot air cargo facility, and an approximately 4.97 acre aircraft parking apron. Member has an option to lease an additional 223,619 square feet of land.

Term and Rent

The Lease is scheduled to expire on December 31, 2030. Member pays land rental of \$0.15 per square foot per year. Member also pays base percentage rent of 10% of gross rents and receipts (excluding landing and parking fees) until January 1, 2021 and 12% thereafter. Land rent and base percentage rent shall, in no event, be less than \$60,000 per year. Member also pays 25% of parking fees, subject to a minimum of \$25,000 per year. Member additionally pays 75% of all landing fees until December 31, 2013 and 40% thereafter. The current annual rent is \$121,626 plus. The current annual parking fees and landing fees total \$422,940.

Use of Premises

Air cargo facilities.

Casualty and Condemnation

In the event that, as the result of fire or other casualty, the Building or other area within the Operational Premises is damaged so as to render the Building untenable in whole or substantial part, the Member shall repair or rebuild with due diligence, and the Land Rental under the Lease shall be abated for that period of time from the date of occurrence of the damage to the date of completion of the repair or rebuilding, in the proportion to which the untenable portion of the Building bears to the square footage of the entire building. The Lease will terminate automatically upon the occurrence of a taking of all or substantially all of the Premises, and the Member is entitled to receive a portion of the award payable in connection with such taking. If the Lessor elects to terminate the Lease in connection with the cessation of use of the airport, such termination will be treated as a taking, and Lessor will be required to pay a termination fee to Member in accordance with the terms of the Lease.

Assignment and Subletting

The Lease may not be assigned, transferred or sublet without the prior consent of Lessor. Leasehold mortgagees are entitled to notice and cure with respect to defaults under the Lease.

Events of Default and Remedies

The Lease may be terminated by Lessor in the event that: (1) Member shall fail substantially to comply with any of the terms and/or conditions contained in the Lease and such noncompliance continues for more than sixty (60) days following notice (provided, however, that such sixty (60) day period shall be extended for any non-monetary noncompliance so long as Member has, within such sixty (60) day period, commenced to cure the non-monetary noncompliance and is diligently pursuing the curing thereof); (2) Member becomes insolvent or receivers are appointed for it (and it is unable within sixty (60) days to obtain the discharge of said receivers), or it makes an assignment for the benefit of its creditors or entirely abandons the premises.

In the event of termination by the Lessor after the completion of the construction work within the Project prior to the expiration of the full term of the Lease (other than due to government order to halt air activities), for any reasons or in any circumstances, Lessor shall pay to Member the fair market value of Member's leasehold interest as of the date of termination, as determined by an appraiser selected by both parties.

Will Rogers World Airport (Oklahoma City, Oklahoma)

Leased Premises

The leased premises consist of approximately 961,459 square feet of land lying in Section 26, Township 11 North, Range 4 West of the Indian Meridian, Oklahoma County, Oklahoma.

Term and Rent

The Lease expires on the last day of the 20th lease year of the Lease, which is March 6, 2023 unless sooner terminated. The annual ground rental is payable in advance on the first day of each and every month. The ground rental commencing in November 2002 was \$90,000. The ground rental shall be adjusted on the first day of each Lease Year by multiplying the annual ground rental paid during the immediately preceding Lease Year and 1.02. The current annual ground rental is \$95,823.24. The Member shall also pay landing fees. Such fee shall be paid in arrears for each calendar month and shall be the cumulative total of all such landings at the Airport in connection with the air freight handling services of the Member and/or the Member's sublessees during the immediately preceding month. It was agreed that the specific amount to be paid per aircraft landed shall be determined by the then currently applicable designated "Landing Fees for Commercial and Nonscheduled Certified Air Carrier Aircraft" which shall be promulgated annually by the Director of Airports.

Use of Premises

The Leased Premises may be used for the operations of air freight facilities including but not limited to the loading and unloading of air cargo/freight, for the provision of aircraft ground support and maintenance and repair, for air cargo/freight warehousing, for aircraft fueling for aircraft engaged in the transporting of air cargo/freight, for aircraft parking, and related offices and such other compatible aviation-related uses as may be approved in writing by the Director of Airports.

Casualty and Condemnation

If neither the Member nor the Lessor elects to restore the Premises following a casualty, the Lease will terminate.

Assignment and Subletting

The Member may not sublease the Facilities or assign its interest in the Lease without the prior written approval of the Director.

Events of Default and Remedies

In the event that Member shall fail to perform, keep and observe any of the terms, covenants, or conditions contained in the Lease on the part of the Member to be performed, kept and observed, Lessor may give written 25 notice to Member to use due diligence to correct such condition or default; and, if Member shall not commence and use diligence to correct such condition or default for thirty (30) days after receipt of such notice, Lessor may, after the lapse of thirty (30) days notice and prior to the correction or curing of such default or condition, terminate the Lease by giving ten (10) days notice and the term hereby demised shall thereupon cease and expire at the end of such ten (10) days in the same manner and effect as if it were the expiration of the leased term. Except as to any rental payments under the Lease, no default on the part of the Member shall be deemed to continue so long as Member shall have promptly taken action to correct the same and shall be diligently prosecuting such action. In any case where Lessor shall be entitled under the Lease to terminate the Lease for failure of the Member to correct or cure a default after due notice as described in this paragraph, Lessor may, as an alternative to termination of the Lease, perform the obligation imposed under the Lease for the account of and at the expense of the Member and the same shall be paid by Member as additional rent within thirty (30) days following the date of receipt by Member of an invoice for the said reasonable expense.

Lessor may terminate the Lease and all of its obligations under the Lease by giving Member ten (10) days written notice upon or after filing by Member of a voluntary petition in bankruptcy.

Lessor may terminate the Lease and all of its obligations under the Lease by giving Member sixty (60) days written notice upon or after failure of Member to vacate or set aside the following:

- (i) If involuntary proceedings in bankruptcy be instituted against the Member and the Member is thereafter adjudicated a bankrupt pursuant to such proceedings;
- (ii) If a court shall take jurisdiction of Member pursuant to proceedings brought under the provisions of any Federal Reorganization Act; or
- (iii) If permanent receiver of Member's assets be appointed.

Lessor may terminate the Lease and all of its obligations under the Lease by giving Member written notice upon the happening of either or both the following events:

- (i) If Member shall voluntarily abandon and discontinue the conduct and operation of its service at the Airport for a continuous period of thirty (30) days; or
- (ii) If Member shall abandon any of the premises leased to it under the Lease for a continuous period of thirty (30) days at any one time, except when such abandonment be caused by fire, earthquake, war, strike or other calamity beyond Member's control.

No waiver of default by Lessor of any of the terms, covenants, or conditions of the Lease to be performed, kept, or observed by Member shall be construed to be or act as a waiver of any subsequent default of the terms, covenants, and conditions contained in the Lease to be performed, kept, and observed by Member. The acceptance of rental by Lessor for any period or periods after default of any of the

terms, conditions, or covenants herein contained to be performed, kept, and observed by Member shall not be deemed a waiver of any right on the part of the Lessor to cancel the Lease for failure by Member to perform, keep, or observe any of the terms, covenants, or conditions of the Lease.

Orlando International Airport

The Lease relating to Building 429 and Building 445 and the Lease relating to Tract 1A, Tract 2A and Tract 2B contain substantially identical provisions as summarized below, except where noted.

Leased Premises

Building 429 and Building 445 - The leased premises consist of approximately 8.84 acres of real property located at Orlando International Airport, which has been subdivided into Tract 1, consisting of approximately 5.19 acres and Tract 2, consisting of approximately 3.64 acres.

Tract 1A, Tract 2A and Tract 2B - The leased premises consist of approximately 9.1036 acres of real property located at Orlando International Airport, which has been subdivided into Tract 1A, Tract 2A, and Tract 2B.

Term and Rent

Building 429 and Building 445 - The Lease is scheduled to expire on September 20, 2036. Provided that (i) no Event of Default has occurred and is continuing at the time the Member exercises each of its options to renew set forth in the Lease, and (ii) no Event of Default has occurred and is continuing at the time any such option would otherwise become effective, the Member shall have the option to extend the term of the Lease for two consecutive terms of five years each. Monthly rent payments shall be paid in advance on or before the first day of each month during the term of the Lease. Currently, the annual rent for Tract 1 is \$113,190 and the annual rent for Tract 2 is \$95,135.04. Commencing on April 1, 2014, and on April 1 every five years following April 1, 2014, the minimum annual rent payable under the Lease shall be adjusted to 12% of the fair market value of Tract 1 of the Premises and 10% of the fair market value of Tract 2 of the Premises for each tract's highest and best use, disregarding the value of the Improvements. The minimum annual rent per square foot shall not be: (i) less than the annual rent per square foot of each tract of the Premises charged during the immediately preceding year; and (ii) increased by more than 25% of the minimum annual rent per square foot of Tract 1 of the Premises and 40% of the minimum annual rent per square foot of Tract 2 of the Premises charged during the immediately preceding year.

Tract 1A, Tract 2A and Tract 2B - The Lease is scheduled to expire on August 28, 2032. Monthly rent payments shall be paid in advance on or before the first day of each month during the term of the Lease. Currently, the annual rent due under the Lease is \$237,932.56. On July 1, 2013, and every five years thereafter, the minimum annual rent payable under the Lease shall be adjusted to 10% of the fair market value of the Premises for its highest and best use, disregarding the value of the Improvements, and such valuation shall be made as of October 1 of the immediately preceding year; provided, however, that the minimum annual rent per square foot shall not be less than the annual rent per square foot of the Premises charged during the immediately preceding year; further, the minimum annual rent per square foot of the Premises shall not be increased by more than 40% of the minimum annual rent per square foot of the Premises charged during the immediately preceding year.

Use of Premises

The Lessor permits Member to design and construct, and to subsequently operate, manage, lease or sublease to others at the Premises, air cargo facilities, including all related buildings, Improvements and appurtenances thereto, for the operation of foreign trade zone related uses, air cargo related uses and for no other purpose. The Lessor will reasonably support foreign trade zone uses, if Member, at Member's expense, complies with all U.S. customs and other requirements.

The Premises shall be used for such facilities as:

- (i) the loading, unloading, reception, temporary storage, delivery, preparation, assembly and transportation of foreign trade zone associated materials, items packages or property;
- (ii) the parking and inside storage and handling of air cargo associated materials, items, packages or property and handling equipment; the loading, unloading, reception, temporary storage, delivery, preparation, assembly and transportation of air freight, air express and air mail transported or to be transported by aircraft;
- (iii) the conduct of operations offices and business offices used in connection with the transportation of air freight, air express and air mail;
- (iv) the parking of automotive vehicles, including trucks and automobiles belonging to persons physically working on the Premises and others having business on the Premises, in specifically designated parking areas;
- (v) light and minor maintenance and repair of machinery and fixed and mobile equipment in the conduct and operations authorized under the Lease;
- (vi) the handling and storage inside buildings of commissary and cabin service supplies and equipment carried or to be utilized on aircraft;
- (vii) such other air cargo related purposes as may be approved in advance in writing from time to time by Lessor, including the right to permit access to the Premises to those Persons engaged in fueling or refueling services, provided that such Persons are authorized and licensed by the Lessor.

Notwithstanding the foregoing, Member farther agrees that it will not proceed with any development or operation on the Premises that does not comply with the Aeronautical Service Operator Minimum Standards, the Airport Design Guidelines, the Lessor's rules and regulations, the Master Plan, the Development Order, all applicable zoning and other laws, and all other terms of this Lease.

The Lessor reserved the right to change the Aeronautical Service Operator Minimum Standards, the Airport Design Guidelines, the Development Order, or the Master Plan; however, the Lessor will not change the land use designation for the Premises in such a manner that will materially and adversely affect Member's rights without prior written consent, not to be unreasonably withheld by Member.

Casualty and Condemnation

Following the occurrence of a casualty occurring during the last year of the Term that results in damage that, if restored, will cost 25% or more of the replacement cost of the improvements, the Lessor has the option to either terminate the Lease or require the Member to undertake the restoration of the improvements. The Lease will terminate automatically upon the occurrence of a taking of all of the

Premises, and Member is entitled to receive the portion of the award payable to Member pursuant to the law of the State of Florida.

Assignment and Subletting

The Member shall not at any time sublet or assign the Lease, in whole or in part, or assign any of its rights or obligations under the Lease, without the prior approval of the Lessor.

Events of Default and Remedies

The occurrence of any of the following events shall constitute a default by Member under the Lease:

(i) the failure of Member to make any payment of rent or any other payment required to be made by Member under the Lease within five (5) days after written notice from Lessor that such payment is due;

(ii) the failure of Member to keep, observe or perform any of the other covenants or agreements contained in the Lease to be kept, observed or performed by Member, and the continued failure to observe or perform any such covenant or agreement after a period of thirty (30) days after receipt by Member of Lessor's written demand; provided, however, that if such failure is curable and does not involve Member's covenants or agreements contained in certain sections of the Lease, and cannot be cured within such 30-day period, then Member shall not be in default as long as it commences to cure such failure within such 30-day period and continues the curing thereof with due diligence;

(iii) the repeated failure (defined for this purpose as at least three (3) such failures within any consecutive twelve-month period) to make any payment of rent or any other payment required to be made by Member within five (5) days after written notice from Lessor that such payment is due as herein provided in the Lease;

(iv) the repeated failure (defined for this purpose as at least three (3) such failures within any consecutive twelve-month period) to keep, observe or perform any of the other covenants or agreements herein contained to be kept, observed or performed by Member;

(v) commencement by the Member or by any surety or a guarantor of the Lease, in any court pursuant to any statute of the United States or of any state, territory or government, of an insolvency or bankruptcy proceeding, including, without limitation, a proceeding for liquidation, reorganization or for the readjustment of its indebtedness;

(vi) commencement of any insolvency or bankruptcy proceeding (including, without limitation, a proceeding for liquidation, reorganization or for adjustment of indebtedness) against the Member or any surety or guarantor of the Lease, if an order for relief is entered against such party (unless such judgment or order is stayed or vacated within thirty (30) days after entry thereof), or if such party fails to secure a discharge of the proceedings within sixty (60) days after the filing thereof

(vii) insolvency of the Member or any surety or guarantor of the Lease, or if Member or any surety or guarantor of the Lease is generally not paying its debts as they become due;

(viii) the making by Member or by any surety or guarantor of the Lease of an assignment for the benefit of its creditors or the filing of a petition for or the entering into of an arrangement with its creditors;

(ix) the appointment or sufferance of a receiver, trustee or custodian to take possession of all or substantially all of the property of the Member or of any surety or guarantor of the Lease, which is not discharged within sixty (60) days, whether or not judicial proceedings are instituted in connection with such appointment or sufferance; provided, however that the foregoing provisions of the Lease described by this subparagraph shall not apply to a receiver, trustee or custodian appointed at the request of a Mortgagee as long as such Mortgagee is satisfying its obligations under the Lease; or

(x) the placement of any lien upon the Premises or any Improvements (excluding liens for taxes which are not delinquent and Mortgages permitted under the Lease) which is not discharged of record within thirty (30) days, or any levy under any such lien.

In the event of a default by Member under the Lease, Lessor may at once thereafter, or at any time subsequent during the continuance of such default:

(i) Enter into and upon the Premises and any Improvements, or any part thereof, and repossess the same, expelling therefrom Member and all personal property of Member (which property may be removed and stored at the cost of and for the account of Member), using all means permitted by law; and

(ii) Immediately terminate the Lease, resume possession of the Premises for its own account (in which event it will make a reasonable, good faith effort to relet the Premises) and recover immediately from the Member: (a) all unpaid rent that had been earned at the time of termination of the Lease, together with (b) the worth, at the time of the award, of the amount by which the unpaid rent that would have been earned after the date of termination of the Lease until the time of award exceeds the amount of the loss of rent that Member proves could have reasonably been avoided, together with (c) the worth, at the time of the award, of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of the loss of rent that Member proves could have reasonably been avoided, together with (d) any other amount and court costs necessary to compensate Lessor for all damages proximately caused by Member's default (the worth, at the time of award, of such amount shall be determined by discounting such amount in accordance with accepted financial practice at the rate of six percent (6%) per annum to its present worth); or

(iii) Without terminating the Lease, relet the Premises and my Improvements, or any part thereof, for the remainder of the term or any portion thereof, upon such terms and conditions as shall appear advisable to Lessor. If Lessor shall proceed to relet the Premises and any Improvements, or any part thereof, and the amounts received from such reletting during any month or part thereof shall be less than the rent due and owing from Member during such month or part thereof under the terms of the Lease, Member shall pay such deficiency to Lessor immediately upon calculation thereof. Payment of any such deficiencies shall be made monthly within ten (10) days after receipt of notice of deficiency. No action by Lessor pursuant to this section shall be deemed to terminate the Lease unless written notice of termination is given by Lessor to Member.

Pensacola Regional Airport

Leased Premises

The leased premises consists of approximately 35,653 square feet of land together with certain rights and interests with respect to Building No. 1 at Pensacola Regional Airport.

Term and Rent

The Lease is scheduled to expire on December 31, 2025. The current annual rent is \$7,250.04. The rent is paid in monthly installments. The rent is determined by an appraisal of the ground premises without regard to the improvements and based on commercial or industrial property values having similar business activities. The appraised value shall be divided by the square footage to determine the cost per square foot. The Lessor shall then apply a fair rate of return to the appraised cost per square foot. Effective January 1, 2019, the rent shall be reestablished by appraisal.

Use of Premises

The Project shall be used as an air cargo facility for the storage, transfer, forwarding and handling of air freight, air express and mail, including parking, loading and unloading and the storage of equipment used for the handling of materials. The Member shall not use, nor permit the use, of the Project for storage of fuel, petroleum or gasoline, storage of hazardous materials, commercial in-flight catering or any food preparation or service, rental car, bus or limousine service or public parking.

Casualty and Condemnation

The Member has agreed to apply any payment made as a result of any insurable loss to the repair or replacement of the building covered by such insurance. In the event that the insurance funds are greater than the amount required to repair or replace the building, with like kind and quality, the excess funds shall be retained by the Member. Such funds shall be expended on such repair and replacement within a reasonable period of time. A period of more than 12 months shall be deemed as an unreasonable period of time. In the event of a condemnation by the Lessor, the Lease will terminate upon 30 days' notice from the Lessor.

Assignment and Subletting

The Member may neither assign its rights, title and interest under the Lease nor sublet the facilities without the prior written consent of the Lessor, which may not be unreasonably withheld. The Member may encumber its leasehold estate by mortgage, deed of trust or other instrument in the nature of a mortgage or deed of trust. Upon notice to the Lessor of such encumbrance, the mortgagee is granted notice and cure rights under the lease.

Events of Default and Remedies

The occurrence of any of the following events shall constitute a default and breach by the Member under the Lease pursuant to which the Lessor may terminate the Lease and repossess the property upon forty-five (45) days notice provided that Member may cure such default within such forty-five (45) days period or such longer period as reasonably necessary:

(i) failure to pay; when due; any rentals fees, charges or other money payments, as provided for; in the Lease;

(ii) if Member shall: (i) apply for, or consent to the appointment of a receiver, trustee, or liquidator of all or a substantial part of its assets; (ii) file a voluntary petition in bankruptcy, or admit in writing its inability to pay its debts as they come due; (iii) make a general assignment for the benefit of creditors; (iv) file a petition or an answer seeking reorganization or arrangement with creditors or to take advantage of an insolvency law; or (iv) file an answer admitting the material allegations of a petition filed against any said assignee or sublessee in any bankruptcy, reorganization or insolvency proceedings; or if

during the term of the Lease, an order, judgment or decree shall be entered by any court of competent jurisdiction, on the application of a creditor, adjudicating Member as bankrupt or insolvent, or approving a petition seeking a reorganization of Member, and such order, judgment or decree shall continue unstayed and in effect for any period of ninety (90) consecutive days.

(iii) if Member shall have failed in the performance of any covenant or condition in the Lease required to be performed by Member.

The Lessor additionally has the right to take all of the premises, the facilities and any additions, alterations, or improvements thereon, should the Lessor, in its sole discretion, determine that the premises, and/or improvements thereon, are required to implement a portion of the then current Airport Master Plan by providing thirty (30) days written notice to Member. The Lessor shall not unreasonably exercise such discretion. The Lessor shall reacquire the improvements by paying Member the entire cost of retiring the mortgage or other debt instrument secured by the facilities and any additions, alterations or improvements for their initial construction or installation; and to the extent that there may be improvements or additions on the premises which were constructed or installed by Member without the benefit of financing, the undepreciated book value of such improvements or additions on a straight-line basis.

Philadelphia International Airport

The 1984 Lease, the 1989 Lease and the 1989 Month-to-Month Lease contain substantially identical provisions as summarized below, except where noted.

Leased Premises

1984 Lease - The leased premises consist of approximately 288,725 square feet of land together with certain rights and interests with respect to Building C-7 and an approximately 118,500 square feet of associated apron at the Philadelphia International Airport.

1989 Lease - The leased premises consist of approximately 235,657 square feet of land together with approximately 94,500 square feet of contiguous aircraft ramp at Philadelphia International Airport.

1989 Month-to-Month Lease - The leased premises consist of approximately 25,500 square feet of land at Philadelphia International Airport.

Term and Rent

1984 Lease - The Lease is scheduled to expire on July 31, 2015 and may be renewed by Member for two additional five (5) year terms. The current annual rent is \$243,101.28. The rent is payable monthly and will be adjusted on January 1, 2017 (and every ten years thereafter) for the subsequent ten-year period based on comparable rents at the airport, together with taxes, utility charges, late charges and other charges. Additionally, the Member has agreed to pay a monthly parking fee of \$1,889.33 per month as rental for the additional parking area added to the Lease in 1989.

1989 Lease - The Lease is scheduled to expire on January 31, 2031. The current annual rent is \$540,033.72. The rent is payable monthly and will be escalated every five years based on the Revised Consumer Price Index for All Urban Consumers (Lessor of Philadelphia Average - All Items 1967 = 100).

1989 Month-to-Month Lease - The Lease continues on a month-to-month basis. The Lessor has the right to terminate the Lease at anytime upon 30 days' notice. The current annual rent is \$41,310.00. The rent is payable monthly in the amount of \$3,442.50.

Use of Premises for 1984 Lease and 1989 Lease

Facility operations shall include:

(i) The loading, unloading, reception, temporary storage, delivery, preparation and transportation of air freight, air express and air mail matter transported or to be transported by aircraft.

(ii) The conduct of operations offices and business offices used in connection with the transportation of air freight, air express and air mail matter.

(iii) The repair and maintenance of vehicles and ground support equipment employed in connection with the transportation and handling of air freight, air express and air mail matter.

(iv) The fueling, refueling and storage of ground support vehicles and equipment, and the storage of propellants and lubricants for the ground support vehicles and aircraft, but not the sale of such items, used in the conduct of the business authorized under the Lease.

(v) The parking, loading, unloading and emergency maintenance of aircraft used in the conduct of the business authorized under the Lease.

(vi) Such other air cargo related purposes as may be approved in advance in writing from time to time by Lessor, such approval not be unreasonably withheld.

Use of Premises for 1989 Month-to-Month Lease

The Premises shall be used as a parking area for aircraft owned or leased by the Member or subtenants of the Member and for no other purpose.

Casualty and Condemnation for 1984 Lease and 1989 Lease

Member must restore the improvements following the occurrence of a casualty, provided that, if the time to complete such restoration will exceed 180 days, Member may terminate the Lease. The Lease will terminate automatically upon the occurrence of a taking of all of the Premises.

Casualty and Condemnation for 1989 Month-to-Month Lease

Member must restore the improvements following the occurrence of a casualty, provided that, if the time to complete such restoration will exceed a reasonable period, Member may terminate the Lease. The Lease will terminate automatically upon the occurrence of a taking of all of the Premises.

Assignment and Subletting for 1984 Lease and 1989 Lease

The Member may neither assign its rights, title and interest under the Lease nor sublet the facilities without the prior written consent of the Lessor, which may not be unreasonably withheld. The consent of Lessor is additionally required for third party financing of the Project. The Lessor has executed an estoppel certificate pursuant to which the Master Trustee, as leasehold mortgagee of the Project, is entitled to notice and cure with respect to defaults by the Member.

Assignment and Subletting for 1989 Month-to-Month Lease

The Member may neither assign its rights, title and interest under the Lease nor sublet the facilities without the prior written consent of the Lessor, which may not be unreasonably withheld.

Events of Default and Remedies

The occurrence of any one or more of the following matters shall constitute a default by Member under the Lease: (i) failure by Member to pay, when due, any rent provided for in the Lease; (ii) failure by Member to pay, when due, any other moneys due and payable from Member under the Lease; (iii) failure by Member to observe or perform any of the covenants in respect to assignment and subletting; (iv) Member's vacation, abandonment, or failure to take possession of the premises; (v) Member becomes insolvent or bankrupt or admits in writing its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors, or applies for or consents to the appointment of a trustee or receiver for the Member; (vi) bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding or other proceeding or other proceedings for relief under any bankruptcy law, or similar law for the relief of debtors, are instituted by or against the Member, and if instituted against the Member, and not dismissed within the time required by law, including any applicable extensions authorized by judicial order; (vii) failure by Member to observe or perform any non-financial covenant, agreement, condition or provision of the Lease, if such failure shall continue for thirty (30) days after written notice by default by Lessor.

If a default occurs, Lessor shall have rights and remedies which include the following:

(i) Lessor may enter the premises, without demand, proceed by distress and sale of Member's goods found to levy the rent and/or other charges in the Lease payable as rent and all costs and officer's commissions;

(ii) Lessor may Lease said premises or any part or parts thereof to such person or persons as may, in Lessor's discretion seem best, and Member shall be liable for any loss of rent for the balance of the then current term;

(iii) The rent for the entire unexpired balance of the term of the Lease as well as all other charges, payments, costs, and expenses herein agreed to be paid by Member or, at the option of Lessor, any part thereof, and also all costs and officer's commissions shall, in addition to any and all installments of rent already due and payable in arrears and/or any other charge or payment herein reserved, included or agreed to be treated or collected as rent, and/or any other charge, expense, or cost herein agreed to be paid by Member which may be due and payable and in arrears, shall be taken to be due and payable and in arrears as if, by the terms and provisions of the Lease, the whole balance of unpaid rent and other charges, payments, taxes, costs and expenses were on that date payable in advance;

(iv) Lessor may determine that the Lease, and the term created by the Lease, is terminated; or

(v) Lessor shall give Member written notice of any default of the non-financial terms and conditions of the Lease, and Member shall within thirty (30) days following receipt of such notice, take all legally permissible steps to cure such default and institute all legally permissible measures to prevent further or continuing defaults. If Member fails to cure such default or to institute such measures and diligently enforce same, such shall give Lessor the right to terminate the Lease following thirty (30) days notification.

Portland International Jetport (Portland, Maine)*Leased Premises*

The leased premises consist of approximately 125,872 square feet of ground space located at Portland International Jetport.

Term and Rent

The Lease has been extended and is scheduled to terminate on January 31, 2020. The Member has the option to extend the Lease for one additional term of 25 years.

The current annual rent is \$24,775.31. Annual ground rent is paid on a monthly basis. The amount of ground rent is adjusted annually based on the increase in the prior year's Consumer Price Index of the U.S. Department of Labor, All Urban Consumers, all items (1982-84=100) for the Portland, Maine NECMA, or comparable successor index. The adjustment will provide no less than a 2% increase, but no more than a 5% increase. The rental during the second renewal term, if any, shall be in the amount negotiated in good faith by the parties.

Federal Express Corporation shall continue to pay landing fees to the Lessor from and after the date of beneficial occupancy of the Leased Premises, specifically the Air Cargo Facility and the Ramp to be constructed by the Lessor.

Use of Premises

The Leased Premises are permitted to be used for general business use for the conduct of the Member's air transportation of property, cargo and express document delivery. The Leased Premises shall be used and are leased under the Lease to the Member for any and all primary and incidental purposes related to the gathering, receiving, collecting, storing, delivering, dispatching and shipping of property, freight and cargo, including mail and all lawful forms of goods and merchandise, by air and ground transportation systems, for communications services, and for the training of personnel engaged in these activities; and as to the Ramp to be constructed by the Lessor, for the reception and parking of aircraft (including the loading and unloading thereof). The Runway and Taxiway complex and utility corridors in the vicinity of the Leased Premises may be used by the Member in common with others.

Casualty and Condemnation

Following the occurrence of a casualty, Member is obligated to restore the premises to the extent insurance proceeds are available for such restoration. The Lease will terminate automatically upon the occurrence of a taking of all of the Premises (Member may elect to terminate the Lease if a partial taking occurs), and Member is entitled to receive a portion of the award payable in connection with such taking in accordance with the terms of the Lease.

Assignment and Subletting

Except as specified in the Lease, the Member may not assign the Lease nor any part thereof in any manner whatsoever, nor sublet the premises or any part thereof, nor assign any of the privileges recited in the Lease without the prior written consent of the Lessor Manager of the Lessor of Portland (or in the case of subleases, without the prior written consent of the Airport Manager.)

Events of Default and Remedies

The Lessor, in addition to any other rights to which it may be entitled by law, may declare the Lease terminated in its entirety upon or after the happening of any one or more of the following events, and may exercise all rights or entry and re-entry, with or without process of law, upon the premises.

- (i) The filing by the Member of a voluntary petition in bankruptcy or any assignment for benefit of creditors of all or any part of the Member's assets;
- (ii) The adjudication of the Member as a bankrupt, pursuant to any involuntary bankruptcy proceedings;
- (iii) The taking of jurisdiction by a court of competent jurisdiction of the Member or its assets, pursuant to proceedings brought under the provisions of any Federal reorganization act;
- (iv) The appointment of a receiver or trustee of the Member's assets by a court of competent jurisdiction or a voluntary agreement with the Member's creditors;
- (v) The voluntary abandonment by the Member of the Leased Premises (and the failure to pay rent thereon) for a period in excess of 30 days; or
- (vi) The material breach by the Member of any of the covenants or agreements contained in the Lease and the failure of the Member to remedy such breach. A material breach shall include, but not be limited to, the failure of the Member to pay any rental, fee, or charge when the same is due and payable.

Portland International Airport (Portland, Oregon)

The 1996 Lease, the 2001 Lease and the 2001 Ramp Management Agreement contain substantially identical provisions as summarized below, except where noted.

Leased Premises

1996 Lease - The leased premises consist of approximately 3.12 acres of land located at the Portland International Airport.

2001 Lease - The leased premises consists of two parcels totaling approximately 279,959 square feet of land located at the Portland International Airport.

2001 Ramp Management Agreement - The leased premises consists of approximately 298,995.84 square feet of land at the Portland International Airport.

Term and Rent

1996 Lease - The Lease is scheduled to expire on March 31, 2027, unless earlier terminated under the provisions of the Lease. The current annual rent is \$134,561.64. The Member shall pay any rent due to the Port in advance on or before the first day of each calendar month. Every third July 1st since July 1, 1996, the Lease Rate(s) used to calculate the Basic Rent have been and will continue to be adjusted pursuant to the Lease. Additionally, the Member has agreed to pay to the Port, the Member's Share of AirTrans Center Common Area Maintenance Charges pursuant to the Lease.

2001 Lease - The Lease is scheduled to expire on December 31, 2029, unless earlier terminated under the provisions of the Lease. Please note that the Lessor may terminate the Lease if it determines that the Member's possession interferes with or limits the proposed use, operation or expansion of the airport, provided the Lessor pays the Member a termination fee determined in accordance with the Lease. The current annual rent is \$465,815.76. The Member shall pay any rent due to the Port in advance on or before the first day of each calendar month. Every third July 1st since July 1, 2002, the Lease Rate(s) used to calculate the Basic Rent have been and will continue to be adjusted pursuant to the Lease. Additionally, the Member has agreed to pay to the Port, the Member's Share of AirTrans Center Common Area Maintenance Charges pursuant to the Lease. Beginning on January 1, 2020, the Member will be required to pay Basic Rent for Improvements located on the Land that were constructed during the term of the Prior Lease. As of January 1, 2020, those Improvements will automatically revert to Port ownership, and the Member will be required to pay the Port its Fair Market Rental Rate for all such Improvements, in addition to Basic Rent for the Land.

2001 Ramp Management Agreement - The Ramp Management Agreement is scheduled to expire on December 31, 2029, unless earlier terminated under the provisions of the Ramp Management Agreement. If the 2001 Lease terminates, the Ramp Management Agreement shall automatically terminate with the 2001 Lease. The Member shall pay a Management Fee on a monthly basis. The Management Fee is subject to adjustment every three years based on the then-current Fair Market Rental Rate. The Member is currently negotiating with the Lessor to determine the amount of rent due, in connection with a scheduled rent renewal.

Use of Premises for 1996 Lease and 2001 Lease

Member may use the Premises only for Permitted Uses and any individual portion of the Premises may be used only for the purposes for which it was designed. Except as provided in the Lease, the Premises may be used for no other use without the Port's prior written consent, which consent shall not be unreasonably withheld. "Permitted Uses" are defined as:

- (i) Air Express Cargo Operations
 - (a) the commercial transportation by air or ground of lawful express cargo, freight, documents, mail and merchandise by Member's leased or owned aircraft and vehicles, including the receiving, storing, preparing, packing, crating, delivering, and transporting by air or ground of such cargo, freight, documents, mail and merchandise;
 - (b) Construction and maintenance of such buildings, office space and related facilities necessary for, or related to, the Permitted Uses;
 - (c) Ground activities necessary for the support of Permitted Uses.
- (ii) The operation or undertaking of any phase of aviation activity in support of Member's Air Express Cargo Operations at the Airport.

Member shall not, without the prior written consent of the Port, use any device which would violate any local noise ordinance or cause unreasonable noise, vibration, fumes, debris, or electronic interference on or adjacent to the Premises.

Member shall not use or permit anyone else to use the Premises, nor shall Member permit anything to be done on the Premises, which: (i) unreasonably adversely affects or is likely to adversely

affect the Premises; (ii) creates any condition that is a safety hazard or violates FAA regulations; (iii) creates a hazard or a nuisance; or (iv) interferes in any way with Airport operations.

Without limiting the generality of any other provision of the Lease, Member shall not provide any facilities, services, commodities or supplies, now or hereafter made available at or through the Airport, other than Permitted Uses, and shall not operate any automobile or vehicle rental business, airline flight kitchen or other facilities providing meal services to aircraft crews or passengers, public (non-aircraft) parking for hire, lodging facilities, or facilities for storage or distribution of merchandise for sale aboard aircraft. No portion of the Premises shall be used for parking for passengers or customers of the Airport (other than parking for Member's customers while at the Premises), and no fee may be charged for parking of vehicles at the Premises.

Through June 30, 2013, the Member may use the Premises for the subleasing of space to non-aviation tenants for the exclusive purpose of logistics, distribution, and warehouse uses.

Use of Premises for 2001 Ramp Management Agreement

Member may use the Ramp Area for "Aircraft Parking" only. "Aircraft Parking" is defined as: (i) parking of aircraft; (ii) loading and unloading of cargo, freight, documents and merchandise into and from aircraft parked at the Ramp Area; (iii) receiving, sorting and delivering cargo, freight, documents and merchandise carried in such aircraft; and (iv) ground activities necessary for the support of Aircraft Parking, in accordance with the Airport Rules and Regulations. Washing of aircraft is not permitted, except as provided in the Ramp Management Agreement.

Casualty and Condemnation for 1996 Lease and 2001 Lease

Following the occurrence of a casualty, Member is obligated to restore the premises, provided that, if 50% or more of the improvements are damaged, either Member or Lessor may terminate the Lease. The Lease will terminate automatically upon the occurrence of a taking of all or substantially all of the Premises, and Member is entitled to receive the portion of the award attributable to its leasehold interest.

Casualty and Condemnation for 2001 Ramp Management Agreement

Following the occurrence of a casualty, the Port is obligated to restore the Ramp Area. The Ramp Management Agreement is subject to the eminent domain laws of the State of Oregon.

Assignment and Subletting

Except as otherwise permitted by the Lease, no part of the Premises, nor any interest in the Lease, may be assigned, pledged, transferred, mortgaged, or subleased by the Member, nor may a right of use of any portion of the Premises be conveyed or conferred on any third party by the Member by any other means, without the prior written consent of the Port.

Events of Default and Remedies of 1996 Lease and 2001 Lease

The occurrence of any of the following shall constitute an Event of Default under the Lease:

(i) Failure of Member to pay any Rent or other amount payable to the Port or to others as provided in the Lease within ten (10) days after written notice from the Port that such payment is past due; provided; however, the Port need not give notice for a default in the payment of Rent or other

amounts payable to the Port or others more than twice during any twelve (12) month period, and a failure to make a payment within ten (10) days after the second (2nd) notice in any twelve (12) month period constitutes an Event of Default for which no further notice or opportunity to cure need be given. No other notice by the Port that Rent or such other amount is past due shall be required.

(ii) Failure of Member to comply with any term, covenant or condition of the Lease (other than the payment of Rent or other amounts) within thirty (30) days after written notice by the Port describing the nature of the default. If the default is of such a nature that it cannot be completely remedied within the thirty (30) day period, this provision shall be complied with if Member begins correction of the default within the thirty (30) day period and thereafter proceeds in good faith and with reasonable diligence to effect the cure as soon as practical, so long as done to the reasonable satisfaction of the Port. Notwithstanding the foregoing, the Port need not give notice for a similar type of default more than twice during the any three (3) year period of the Lease, and a failure to perform such type of obligation after the second notice constitutes an Event of Default for which no further notice or opportunity to cure need be given. Furthermore, if any Event of Default threatens to cause serious harm to the Port or other tenants or persons, then the Port shall not be required to serve any notice before proceeding to request immediate injunctive relief.

(iii) To the extent permitted by the United States Bankruptcy Code, insolvency of Member shall be deemed to include an assignment by Member for the benefit of creditors; the filing by Member of a voluntary petition in bankruptcy; an adjudication that Member is bankrupt or the appointment of a receiver of the properties of Member and the receiver is not discharged within thirty (30) days; the filing of an involuntary petition of bankruptcy and failure of Member to secure a dismissal of the petition within thirty (30) days after filing; attachment of or the levying of execution on the leasehold interest and failure of Member to secure discharge of the attachment or release of the levy of execution within thirty (30) days, shall all constitute an Event of Default. In these instances, no notice that an Event of Default has occurred shall be required from the Port.

(iv) Failure of Member for thirty (30) days or more to use and occupy the Premises for one or more of the purposes permitted under the Lease unless such failure is excused under other provisions of the Lease. The Premises shall not be deemed to be abandoned so long as no other Event of Default exists under the Lease and provided that adequate on-site security of the Premises is maintained by Member.

(v) The occurrence of a default or an Event of Default under any other agreement between the Port and Member, including, without limitation, the Ramp Management Agreement, shall be, at the option of the Port, an Event of Default under the Lease.

Immediately following an uncured Event of Default or an Event of Default for which there is no cure period, the Port may terminate the Lease and Member's right to possession of the Premises and may exercise any or all of the remedies listed below, in addition to any other rights and remedies provided in the Lease or at law or equity. In exercising its remedies, the Port agrees to follow all applicable laws.

The Port may re-enter the Premises, or any part thereof, by suitable action or proceeding at law, or by force or otherwise, without being liable for indictment, prosecution or damages therefor, and may repossess the Premises and remove any person or property therefrom, to the end that the Port may have, hold and enjoy the Premises.

The Port, at its option, may relet the whole or any part of the Premises from time to time, either in the name of the Port or otherwise, to such tenants, for such terms ending before, on or after the Expiration Date of the Lease, at such rentals and upon such conditions (including concessions and free rent periods) as the Port, in its reasonable discretion, may determine to be appropriate. The Port may

make such physical changes to the Premises as the Port, in its reasonable discretion, considers advisable or necessary in connection with any such reletting or proposed reletting, without relieving Member of any liability under the Lease or otherwise affecting Member's liability. If there is other unleased space at the Airport, the Port shall have no obligation to attempt to relet the Premises prior to leasing such other space at the Airport. The Port, under its obligations to mitigate its damages, shall not be required to attempt to relet the Premises to a potential Member with which the Port has been negotiating a lease for other space owned by the Port or to whom the Port has shown other space owned by the Port and the Port shall be entitled to use its best efforts to lease such other Port space to such prospective tenant.

Subject to the Port's duty to reasonably mitigate, whether or not the Port retakes possession or relets the Premises, the Port shall have the right to recover unpaid Rents and all damages caused by the default. Damages shall include, without limitation: all Rents lost; all reasonable legal expenses and other related costs incurred by the Port as a result of Member's default; that portion of any leasing commission paid by the Port as a result of the Lease which can be attributed to the unexpired portion of the Lease; all reasonable costs incurred by the Port in restoring the Premises to good order and condition, or in remodeling, renovating or otherwise preparing the Premises for reletting; and all reasonable costs incurred by the Port in reletting the Premises, including, without limitation, any brokerage commissions.

To the extent permitted under Oregon law, the Port may sue periodically for damages as they accrue without barring a later action for further damages. Nothing in the Lease will be deemed to require the Port to await the date on which the Lease Term expires to bring or maintain any suit or action respecting the Lease. The Port may in one action recover accrued damages plus damages attributable to the remaining Lease Term equal to the difference between the Rents reserved in the Lease for the balance of the Lease Term after the time of award, and the Market Rental Value of the Premises for the same period, discounted to the time of award at the rate of nine percent (9%) per annum. If the Port has, in a bona fide, arms' length transaction, relet all or any part of the Premises for the period which otherwise would have constituted all or any part of the unexpired portion of the Lease Term, or any part, the amount of rent reserved upon such reletting shall be deemed, prima facie, to be the Market Rental Value for the part or the whole of the Premises so relet during the term of the reletting.

Events of Default and Remedies of 2001 Ramp Management Agreement

The occurrence of any of the following shall constitute an Event of Default under the Ramp Management Agreement:

(i) Failure of the Manager to pay any Management Fees within 10 days after written notice from the Port that such payment is past due. The Port need not give notice for a failure to pay Management Fees more than twice during any 12-month period. Thereafter, failure to pay Management Fees within 10 days of the due date constitutes an immediate Event of Default for which no further notice or opportunity to cure need be given.

(ii) Failure of the Manager to comply with every term, covenant and condition of the Management Agreement (other than the payment of Management Fees) if such violation is not cured within 20 days after written notice by the Port describing the nature of the violation. If the violation is of such a nature that it cannot be completely cured within the 20-day period, the provision described in this subsection shall be complied within if the Manager begins correction of the violation with such 20-day period and thereafter proceeds in good faith and with all due diligence to effect the cure as soon as practical. Notwithstanding the foregoing, the Post shall not be required to give notice for a violation of the same provision of the Management Agreement more than four times during any three-year period of the Management Agreement. Thereafter a violation of the same provision shall constitute an Event of Default for which no further notice or opportunity to cure need be given. Furthermore, if any violation

of the Management Agreement threatens to cause serious harm to the Port or other tenants or persons, then the Port shall not be required to serve any notice before drawing on the Security Deposit and/or proceeding to request immediate equitable relief, including, but not limited to, injunctive relief or specific performance.

(iii) To the extent permitted by the United States Bankruptcy Code, insolvency of Manager shall be deemed to include an assignment by the Manager for the benefit of creditors; the filing by the Manager of a voluntary petition in bankruptcy; if Manager is an entity, the dissolution of the Manager; the appointment of a receiver of the properties of the Manager and the receiver is not discharged within 45 days; the filing of an involuntary petition of bankruptcy and failure of Member to secure a dismissal of the petition within 60 days after filing; attachment of or the levying of execution on the leasehold interest and failure of Member to secure discharge of the attachment or release of the levy of execution within 45 days, shall all constitute an Event of Default. In these instances, no notice that an Event of Default has occurred shall be required from the Port.

(iv) The occurrence of an uncured breach, violation, default or an Event of Default under any other contract between the Port and the Manager shall be, at the option of the Port, an Event of Default under the Management Agreement.

If an Event of Default occurs under the 2001 Lease, and the 2001 Lease is terminated, then the Management Agreement shall also automatically terminate.

Immediately following an uncured Event of Default or an Event of Default for which there is no cure period, the Port may terminate the Management Agreement and the Manager's right to possession of the Ramp Area and may exercise any or all of the remedies listed below, in addition to any other rights and remedies provided in the Lease or at law or equity. In exercising its remedies, the Port agrees to follow all applicable laws.

The Port may re-enter the Ramp Area, or any part thereof, by suitable action or proceeding at law, or by force or otherwise, without being liable for indictment, prosecution or damages therefor, and may repossess the Ramp Area and remove any person or property therefrom, to the end that the Port may have, hold and enjoy the Ramp Area.

South Bend Regional Airport

Leased Premises

The leased premises consist of approximately 5.49 acres of land at the South Bend Regional Airport.

Term and Rent

The expiration date of the Lease is June 30, 2020. The Member has four remaining options to extend the term for periods of five years each, which may be exercised provided the Member is not then in default under the terms of the Lease.

Rentals shall be paid yearly in advance of the first day of December of each lease year. The current annual rent is \$48,271.94. The minimum annual rental shall be adjusted every five years on the basis of the Consumer Price Index for all items for the United State city average (CPI-U) as determined by the United States Department of Labor, Bureau of Labor Statistics.

Use of Premises

The Member may use the Leased Premises for aviation-related purposes upon the written consent of the Lessor.

Casualty and Condemnation

The Member is obligated to restore the improvements located the Premises following a casualty, provided that the Member may terminate the Lease if such casualty occurs during any renewal term.

Assignment and Subletting

The Member may sublease the Leased Premises to Federal Express Corporation, but the Member may not rent or sublease the Leased Premises to any other person, firm, or entity except upon the prior written consent of the Lessor. The Member may not assign the Lease without the prior written consent of the Lessor.

Events of Default and Remedies

The Lessor may terminate the Lease in the event the Member shall:

- (i) Be in arrears in the payment of the whole or any part of the rent or other payments required for a period of 30 days after the time such payments become due;
- (ii) Make a general assignment for the benefit of creditors;
- (iii) File a voluntary petition in bankruptcy;
- (iv) Abandon the Leased Premises as provided in the Lease;
- (v) Fail to replace any improvements which have been destroyed by fire, explosion, etc., within 12 months from the date of such destruction;
- (vi) Default in the performance of any of the covenants, agreements and conditions required in the Lease (except rental payments) to be kept and performed by the Member, and such default continues for a period of 30 days after receipt of written notice from the Lessor of said default;
- (vii) Appointment of Receiver for Member; and
- (viii) Violation of Lessor's Rules and Regulations not inconsistent with the provisions of the Lease and such violation is not cured within 10 days provided the Member shall be entitled to additional time to cure if the Member is making a diligent effort to cure.

Syracuse Hancock International Airport*Leased Premises*

The leased premises consist of approximately 1,048,500 square feet of land together with certain rights and interests with respect to Buildings 1, 2, 3 and 4 at the Hancock International Airport. The Member also has an option to lease 115,000 additional square feet (and, upon exercise of such option, an obligation to construct \$500,000 of improvements thereon) and approximately 25 additional acres (and, upon exercise of such option, an obligation to construct \$1,000,000 of improvements thereon).

Term and Rent

The Lease is scheduled to expire on August 9, 2033. The current annual base rent is \$259,703.04. The Member is obligated to pay additional rental under the lease of \$0.9623 per square foot per year of leased space subject to a credit of \$45,600 per year. The total current rent is approximately \$318,913.68 per year. The Member also pays to the Lessor, in quarterly installments, a percentage of its Net Rental Income from Phase I, II and III of the Leased Premises, as more fully described in the Lease.

Use of Premises

Permitted uses for the Project include: air cargo uses (but not including any charter or passenger scheduled terminal facilities), custom brokers; aircraft sales offices only for sales of airplanes of over 12,500 pounds (maximum gross takeoff weight); wholesale distribution companies (non-aviation supply related); a restaurant of no more than 2,400 square feet (subject to Lessor's approval of restaurant lease documents) trucking companies; general warehousing, foreign trade zone – sub-zone activities; back office and support staff of car rental agencies; airline reservation office; travel agency; duty free shops; ground handling offices for loading and unloading air freight; vending machine sale; second floor in any building may be utilized for general office purpose.

Prohibited uses of the Project include: ground transportation for hire facilities; retail sales, storage or service of rental car vehicles; barber; valet and personal service; insurance machines; the buying, selling or leasing of aircraft, (under 12,500 pounds gross takeoff weight); the buying and selling of aircraft parts, fuels, lubricants and accessories or other activities expressly reserved for fixed base operators, and repair maintenance and service of aircraft (except by Member for its own account).

Casualty and Condemnation

Should the improvements constructed by the Member upon the Leased Premises be damaged or destroyed in whole or in part by fire or other casualty, the Member shall give prompt notice thereof to the Lessor, and the Member, at its own cost and expense, shall promptly repair, replace and rebuild the same, at least to the same extent as the value and as nearly as practical to the character of the buildings and improvements existing immediately prior to such time. Should the improvements on the Leased Property be damaged or destroyed in whole or in part by fire or other casualty during the last 15 years of the initial term of the Lease, or during the renewal term thereof, at the Member's option, the Member shall be relieved of the obligation to repair, replace and rebuild the same and shall have the option to cancel the Lease by giving the Lessor written notice of such election within 1 year after the date of any such damage or destruction. In the event of such cancellation, the Lease shall terminate as of the date of such destruction and the insurance proceeds received or receivable under any policy of insurance shall be paid to and retained by the Lessor subject to the rights of the leasehold mortgage.

Assignment and Subletting

The Lease may not be assigned without the consent of the Lessor and the assumption of the terms and conditions of the Lease. Subject to certain exceptions, Lessor consent is required for subletting of the premises. Member may mortgage its interest in the Lease and the leased property without the consent of the Lessor. After presentment of the mortgage to the Lessor, the leasehold mortgagee shall have a right to notice and cure under the Lease and the Lease may not be amended in a way that adversely affects the rights of the leasehold mortgagee without the consent of the leasehold mortgagee. A foreclosure of the leasehold mortgage will not, in and of itself, constitute a default under the Lease.

Events of Default and Remedies

The Lease may be terminated by Lessor in the event any one or more of the following events shall have occurred and shall have not been remedied as hereinafter provided:

(i) In the event of the financial failure of the Member resulting in an assignment for the benefit of creditors, or in the commencement of voluntary or involuntary bankruptcy proceedings or in the filing of any petition for reorganization, or in the commencement of any other proceeding for the attachment, dissolution or reorganization of the business of the Member;

(ii) Member's failure to pay an installment of basic rent or additional rent when same shall be due and payable on the continuance of such failure for a period of forty-five (45) days after receipt by Member of notice in writing from Lessor specifying the nature of such failure; or

(iii) Member's failure to perform any of the other covenants, conditions and agreements contained in the Lease on Member's part to be kept or performed and the continuance of such failure without the curing of same for a period of sixty (60) days after receipt by Member of notice in writing from Lessor specifying the nature of such failure.

In addition to and without prejudice to any other rights and remedies Lessor shall have at law or in equity, Lessor re-enter the demised premises and recover possession thereof and dispossess any and all occupants of the demised premises.

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APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE MORTGAGES

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PART V - APPENDIX E**SUMMARY OF CERTAIN PROVISIONS OF THE MORTGAGES**

The following is a summary of certain provisions of the Mortgages with respect to the Series 2012 Bonds. Separate Mortgages have been executed for certain of the Projects in connection with the issuance of the Series 2012 Bonds containing in all material respects the common terms described in this PART V-Appendix E. The singular is used for convenience and where it is used herein reference is made to all such agreements or documents relating to the Members of the Obligated Group. This summary does not purport to be complete and reference to the Mortgages is hereby made for all of the terms and conditions of the Mortgages. Terms used in this PART V-Appendix E that are not defined herein shall have the meanings set forth in PART V-Appendix F.

Mortgaged Property

The Member (the “Grantor”) gives, grants, mortgages, assigns, bargains, sells, alienates, conveys and confirms unto the Master Trustee (the “Grantee”) and to the Grantee’s successors and assigns, for and during the rest, residue and remainder of the term of years yet to come and unexpired in the Ground Lease and the renewals therein provided for subject to the rents, covenants, conditions and provisions of the Ground Lease (in the case of a leasehold Mortgage) and forever (in the case of a fee Mortgage), all of the Grantor’s right, title and interest in and to the following property, interests and rights, whether now owned or existing or hereafter acquired or arising (the “Mortgaged Property”):

(i) all right, title and interest of the Grantor, under the Ground Lease in that certain real property, together with the buildings and other improvements now or thereafter placed thereon, situate, lying and being in the county where the real property is located, and more particularly bounded and described in the applicable Ground Lease, subject to Permitted Encumbrances authorized under the Master Indenture, together with all the right, title and interest of the Grantor in and to all streets, roads and public places, open or proposed, in front of and adjoining such real property and all easements and rights of way, public or private, now or thereafter used in connection with such real property (such real property, such improvements, such right, title and interest, and such easements and rights of way are collectively in the Mortgage called the “Premises”);

(ii) all fixtures, equipment, machinery, apparatus, appliances, fittings, chattels and articles of personal property, now or thereafter attached to, or used or usable in connection with any present or future occupancy of the Premises and all renewals and replacements thereof and additions and accessions thereto, including without limitation partitions, elevators, lifts, steam and hot water boilers, heating and air conditioning equipment, lighting and power plants, engines, motors, compressors, ducts, coal, oil and gas burning apparatus, pipes, pumps, plumbing, radiators, sinks, bath tubs, water closets, refrigerators, gas and electrical fixtures, communications apparatus, stoves, ranges, shades, screens, awnings, vacuum cleaning system, and sprinkler system or other fire prevention or extinguishing apparatus and materials, all of which shall be deemed to be,

remain and form a part of the Premises and are covered by the lien of the Mortgage (the “*Project Equipment*”);

(iii) with all insurance proceeds and awards and other compensation payments, including interest thereon, which are theretofore or thereafter made with respect to the Mortgaged Property as a result of or in lieu of any taking by eminent domain, the alteration of the grade of any street, any other injury to or decrease in the value of the Mortgaged Property, or the damage or destruction to all or a portion of the Mortgaged Property, to the extent of all amounts which may be secured by the Mortgage at the date of receipt of any such award or payment by the Grantee, and of the reasonable attorneys’ fees, costs and disbursements incurred by the Grantee in connection with the collection of such award or payment;

(iv) with all moneys, investment property, rents, operating and non-operating revenues, receipts and income received or receivable by the Grantor and all rights to receive the same, whether in the form of accounts, accounts receivable, contract rights, chattel paper, instruments, investment property, general intangibles or other rights and all proceeds thereof, including insurance proceeds and condemnation awards, whether now existing or thereafter coming into existence and whether now owned or thereafter acquired (the “*Gross Receipts*”);

(v) with all accounts, goods, general intangibles and books and records;

(vi) with all products and proceeds of the foregoing; and

(vii) with any and all further estate, right, title, interest, property, claim and demand whatsoever of the Grantor in or to any of the above.

In the case of a leasehold Mortgage but not a fee Mortgage, the following also constitute Mortgaged Property:

(i) with all appurtenances in respect of or otherwise relating to the Ground Lease, including, but not limited to, renewal options and expansion right, and all the estate and rights of Grantor of, in and to (i) all modifications, extensions and renewals of the Ground Lease and all rights to renew or extend the term thereof, (ii) all credits to and deposits of Grantor under the Ground Lease, (iii) all other options, privileges and rights granted and demised to Grantor under the Ground Lease, (iv) all the right or privilege of Grantor to terminate, cancel, abridge, surrender, merge, modify or amend the Ground Lease and (v) any and all possessory rights of Grantor and other rights and/or privileges of possession, including, without limitation, Grantor's right to elect to remain in possession of the Land and the leasehold estate created by the Ground Lease pursuant to Section 365(h)(1) of the federal bankruptcy code (as amended from time to time and including any successor legislation thereto, the “*Bankruptcy Code*”); and

(ii) with all of Grantor’s claims and rights to damages and any other remedies in connection with or arising from the rejection of the Ground Lease by the Ground

Lessor (including any successor or assign thereof) or any trustee, custodian or receiver appointed pursuant to the Bankruptcy Code in the event that there shall be filed by or against the Ground Lessor any petition, action or proceeding under the Bankruptcy Code or under any other similar federal or state/commonwealth law now or hereinafter in effect.

Indebtedness Secured

The indebtedness secured by the Mortgage consists of the Obligations of the Members of the Obligated Group pursuant to and secured in accordance with the Master Indenture. As used in the Mortgage, "Obligations" shall mean any and all payment and performance liabilities and obligations of the Grantor or the Obligated Group under the Master Indenture, set forth in or arising under the Obligations, however evidenced and whether now existing or thereafter incurred, direct or indirect, matured or not matured, absolute or contingent, now due or thereafter to become due (including, without limitation, any and all costs and attorneys' fees and expenses incurred by the Grantee or the holders of the Obligations to the extent the same is required to be paid by the Master Indenture) and any modifications, extensions or renewals of any of the foregoing.

Payment and Compliance

The Grantor shall pay the debt evidenced by the Obligations at the times and in the manner provided therein and in the Obligations and shall pay all other Obligations under the Master Indenture in accordance with the requirements thereof, and will comply with all of the terms and conditions to be complied with by the Grantor under the provisions of the Mortgage, the Obligations and the Master Indenture.

Taxes

The Grantor shall: (i) prior to the date on which any interest or penalties shall commence to accrue thereon, cause to be paid and discharged all taxes (including but not limited to ad valorem taxes), assessments, water and sewer rents and charges and all license or permit fees, levies, and governmental charges, payments in lieu of any of the foregoing, general or special, ordinary or extraordinary, foreseen or unforeseen, of any kind and nature whatsoever, which are or may have been, or may hereafter be, charged, assessed, levied, or imposed upon or against the Mortgaged Property, or any part thereof by any lawful authority, or which may become a lien thereon and (ii) not suffer, and promptly cause to be paid and discharged, any lien or charge whatsoever which by any present or future law may be or become superior, or on a parity with or junior to, either in lien or in distribution out of the proceeds of any judicial sale, the lien of the Mortgage created thereunder and (iii) cause to be paid, when due, all charges for utilities whether public or private.

Notwithstanding the foregoing, the Grantor may in good faith contest, by proper legal proceedings, the validity or amount of any such tax or charge, and may permit such tax or charge to remain unpaid during the period of such contest, *provided* (i) no Event of Default (see "Event

of Default” under the Mortgage), or event or condition which, with the giving of notice or the passage of time or both would constitute an Event of Default, has occurred and is continuing; (ii) the Grantor maintains and prosecutes with diligence such contest; (iii) the Grantor shall pay such contested tax or charge and all costs and penalties, if any, and shall deliver to the Master Trustee evidence acceptable to the Master Trustee of such payment promptly if such contest is terminated or determined adversely to the Grantor, and in any event prior to the date any portion of the Mortgaged Property may be sold or otherwise transferred because of non-payment of the tax or charge; and (iv) the Grantor shall deposit with the Master Trustee during such contest cash or a surety bond in the amount of such unpaid tax or charge plus interest and penalties anticipated to accrue thereon in amounts reasonably satisfactory to the Master Trustee which, notwithstanding any provision of the Mortgage to the contrary, the Master Trustee may use, and shall use at the written direction of the Majority Applicable Holders to pay the same prior to the date any portion of the Mortgaged Property may be sold or otherwise transferred because of non-payment of the tax or charge.

Insurance

The Grantor shall keep, or cause to be kept, the Mortgaged Property insured for the benefit of the Grantee against such losses and risks and in such amounts as provided in the Master Indenture. In the event of any loss or damage to the Mortgaged Property there shall be no abatement or reduction in the amount payable by the Grantor under the Mortgage or under the Obligations and the Master Indenture, and the Grantor shall continue to make such payments. The Grantor shall give immediate notice of any such loss or damage to the Grantee. All insurance proceeds shall be collected, held and expended as provided in the Master Indenture. If the Grantee shall acquire title to the Mortgaged Property by virtue of foreclosure, a deed in lieu of foreclosure or a judicial sale thereof, or otherwise, then all of the Grantor’s right, title, estate and interest in and to all insurance policies, including unearned premiums thereon and the proceeds thereof, shall vest in the Grantee.

Eminent Domain

The Grantor shall give the Grantee immediate notice of the actual or threatened commencement of any proceedings under eminent domain affecting all or any part of the Mortgaged Property, including without limitation severance and consequential damage and change in grade of streets. In the event of any aforementioned actual or threatened commencement, the Grantor shall proceed as set forth in the Master Indenture. All condemnation proceeds shall be collected, held and expended as provided in the Master Indenture.

There shall be no abatement or reduction in the amount payable by the Grantor under the Mortgage or under the Master Indenture or the Obligations in the event of the commencement of any eminent domain proceeding affecting the Mortgaged Property, and the Grantor shall continue to be obligated to make all such payments.

Compliance with Law

The Mortgage obligates the Grantor to:

(i) operate or cause the Premises to be operated as airport facilities qualifying under Section 142(a)(i) of the Code, if applicable (and in the case of a leasehold Mortgage, compliance with the Ground Lease), which facilities may include functionally related and subordinate uses, and maintain all certifications and licenses required for such use;

(ii) comply in good faith with all laws, ordinances and regulations, including, without limitation, all licensure, building, zoning, safety and environmental laws, which thereafter in any manner may affect the Premises or the use or operation thereof; and have the right in good faith to contest such laws, ordinances and regulations or appeal from any decision adverse to the Grantor based thereon by appropriate proceedings diligently conducted, but all costs, fees and expenses incurred in connection with such proceedings shall be borne by the Grantor and *provided that* during such contest or appeal the Grantor complies therewith unless enforcement is stayed; and

(iii) not engage in any business other than the operation and leasing of its Projects and Mortgaged Properties as airport facilities in accordance with clause (i) above (and activities incidental thereto, including, without limitation, rental of space at its Projects and Mortgaged Properties to appropriately licensed service providers and airline service providers);

Sale, Lease, Encumbrance, Mortgage and Use

The Grantor shall not directly or indirectly sell, lease, encumber, mortgage, transfer or otherwise dispose of title to all or any part of the Mortgaged Property, except to the extent permitted by the Master Indenture.

Payment of Other Debt

Under the Mortgage, the Grantor shall:

(i) promptly pay or otherwise satisfy and discharge all of its obligations and indebtedness and all demands and claims (any such obligation, indebtedness, demands and claims being "*Claims*") against it as and when the same become due and payable, other than any thereof (exclusive of the Obligations issued and Outstanding under the Master Indenture) whose validity, amount or collectability is being contested in good faith by appropriate proceedings;

(ii) notwithstanding the foregoing, the Grantor may in good faith contest, by proper legal proceedings, the validity or amount of any such Claim as permitted by the Mortgage and described in (i) above, and may permit such Claim to remain unpaid during the period of such contest, *provided* (A) no Event of Default, or event or condition which,

with the giving of notice or the passage of time or both, would constitute an Event of Default, has occurred and is continuing; (B) the Grantor maintains and prosecutes with diligence such contest; (C) the Grantor shall pay such contested Claim and all costs and penalties, if any, and shall deliver to the Grantee evidence acceptable to the Grantee of such payment promptly if such contest is terminated or determined adversely to the Grantor, and in any event prior to the date any portion of the Mortgaged Property may be sold or otherwise transferred because of non-payment of the Claim; and (D) the Grantor shall deposit with the Master Trustee during such contest cash or a surety bond in the amount of such unpaid Claim plus interest and penalties anticipated to accrue thereon in amounts reasonably satisfactory to the Master Trustee which, notwithstanding any provisions of the Mortgage to the contrary, the Master Trustee may use, and shall use at the written direction of the Majority Applicable Holders to pay the same prior to the date any portion of the Mortgaged Property may be sold or otherwise transferred because of non-payment of the Claim.

Assignment of Leases and Rents

As further security for the payment of the debt secured by the Mortgage, the Grantor assigns to the Grantee the leases, rents, issues and profits of the Mortgaged Property.

The Grantor agrees not to collect rent more than thirty (30) days in advance of its due date under any lease of all or any part of the Mortgaged Property. All leases entered into by the Grantor after the execution of the Mortgage must provide that the tenant thereunder shall pay to the Grantee (or as directed by the Grantee) all sums due under the lease upon notice to the tenant from the Grantee, and that the Grantor shall, at the Grantee's option, furnish the Grantee with an estoppel and subordination and attornment letter agreement as to its respective leases in form and substance reasonably acceptable to the Grantee. Grantor authorizes and directs the present and future tenants and occupants named in any leases, upon receipt from the Grantee of written notice stating that an Event of Default has occurred, to pay over to Grantee (or as directed by the Grantee) all rents, income and profits arising or accruing under such leases or from the premises described therein and to continue to do until otherwise notified by the Grantee. The Grantor agrees that any such notice by the Grantee shall be valid and binding, without any obligation or right to inquire as to whether any such default actually exists and notwithstanding any notice from or claim of the Grantor to the contrary, and that the Grantor shall have no right or claim against any such tenant or occupant who has made payment to the Grantee following receipt of such notice.

The Grantor shall not assign to any person other than the Grantee the payments, rents, issues and profits of the Mortgaged Property, or cancel, except in accordance with the terms of the Master Indenture, abridge or otherwise modify or amend any material provision of any lease of all or any part of the Premises. In addition, the Grantor shall observe and comply with all of its obligations as lessor under any such lease, will promptly notify the Grantee if it receives any notice of a material default by it thereunder and will forward a copy of any such default notice to the Grantee, and enforce any material default thereunder by the lessee.

Grantee's Performance of Grantor's Obligations

The Grantee may, but shall not be obligated to (i) advance, on behalf of the Grantor, any amounts due under a promissory note or similar instrument secured by a prior mortgage on the Mortgaged Property, or (ii) pay any amount which the Grantor has failed to pay or perform any act which the Grantor has failed to pay or perform under the Mortgage, in which event the costs, disbursements, expenses and reasonable counsel fees and expenses thereof, together with interest thereon from the date the expense is paid or incurred at the prime interest rate publicly announced from time to time by the Master Trustee as a commercial bank plus 2% (the "*Default Rate*"), shall be payable on demand by the Grantor and shall be secured by the lien of the Mortgage.

Events of Default

The occurrence of an Event of Default under the Master Indenture shall constitute an "*Event of Default*" under the Mortgage without further grace periods or notices being given.

Remedies on Default

Whenever an Event of Default shall have occurred, the Grantee may declare any portion or the entire unpaid balance of the principal indebtedness, accrued interest and all other sums secured by the Mortgage to be immediately due and payable without notice or demand. If an Event of Default shall occur, the Grantee may, but shall not be obligated to, forthwith, with or without accelerating the Obligations or the indebtedness evidenced by the Obligations or the Master Indenture and all other amounts due thereunder, exercise any and all rights available to it at law or in equity, elect to apply any of the following remedies or any remedy set forth in the Master Indenture (which remedies shall be cumulative) and may without further delay, but shall not be obligated to, exercise any one or more of the following rights:

(i) The Grantee may foreclose the Mortgage and exercise its rights as a secured party for all or any portion of the debt secured by the Mortgage which is then due and payable, by acceleration or otherwise, subject to the continuing lien of the Mortgage for the balance not then due and payable. The proceeds from any disposition, transfer or re-letting of the Mortgaged Property shall be applied first to all expenses (including reasonable attorney's fees and expenses) of retaking, holding, storing, processing, preparing for sale, selling, collecting and liquidating the Mortgaged Property and second to the satisfaction of the Obligations (including all amounts due under the Master Indenture).

(ii) The Grantee may, by its agents, servants or attorneys, take possession of and enter upon the Mortgaged Property; lease and operate the same; collect and receive the rents, issues and profits therefrom; and apply such receipts, first to the payment of the necessary expenses of operating the Mortgaged Property (including without limitation reasonable counsel fees and expenses and customary fees and expenses for management agents), and second, in the Grantee's sole discretion, to the payment of amounts due on the Obligations or amounts required to be paid by the Grantor under any provision of the

Mortgage. The Grantee shall be liable to account only for rents and profits actually received by the Grantee.

(iii) The Grantee may apply for and shall be entitled to the appointment of a receiver of the rents, issues and profits of the Mortgaged Property, without notice to the Grantor, without regard to the value of the Mortgaged Property as security for the amounts due the Grantee or to the solvency of any person liable for the payment of such amounts, and irrespective of whether the Grantee has an adequate remedy at law.

(iv) The Grantee may pay any amount which the Grantor has failed to pay or perform any act which the Grantor has failed to perform under the Mortgage, in which event the costs, disbursements, expenses and reasonable counsel fees thereof, together with interest thereon from the date the expense is paid or incurred at the prime interest rate publicly announced from time to time by the Master Trustee as a commercial bank plus 2% provided that such interest payable shall not exceed the maximum rate permitted by law, shall be payable on demand by the Grantor and shall be secured by the lien of the Mortgage.

(v) The Grantee may exercise any and all rights of a secured party with respect to the Mortgaged Property under the State's Uniform Commercial Code. The Grantee may take possession of any of the Mortgaged Property and sell any portion of such property pursuant to the provisions of the State's Uniform Commercial Code and generally exercise any of such other rights and remedies with respect to such property as may be provided by said Code. Any requirement of such Uniform Commercial Code as to reasonable notice shall be met by delivering written notice to the Grantor ten (10) days prior to any such sale. In the event of any foreclosure under the Mortgage, the Mortgaged Property may be sold in whole or in part as part of the realty or separately. The Grantee shall also be entitled to take possession of, assemble and collect all or any portion of the Mortgaged Property and require the Grantor to assemble the Mortgaged Property and make it available at any place the Grantee may designate so as to allow Grantee to take possession of or dispose of all or any portion of the Mortgaged Property.

(vi) The Grantee may proceed by one or more suits, actions or proceedings at law or in equity or otherwise or by any other approved means to enforce payment of the Obligations and all other amounts due under the Obligations, the Master Indenture, the Mortgage by the Grantor or protect and enforce any of the Grantee's rights or powers under the Master Indenture or the Mortgage.

In the event the Mortgage is foreclosed (i) the Mortgaged Property may be re-let by the Grantee, (ii) there shall be included in the Obligations, to the extent permitted by law, the reasonable fees, costs and disbursements of the Grantee paid or incurred by the Grantee in connection with the foreclosure proceedings and any such re-letting, and (iii) if the Grantee so consents, the lessee of the Mortgaged Property shall succeed to all of the rights of the Grantor to the Mortgaged Property.

Acceleration of Obligations

The Mortgage (including without limitation, the Security Agreement and the Assignment of Leases and Rents contained in the Mortgage) separately secures the Senior Obligations, the Subordinate Class A Obligations and the Subordinate Class B Obligations issued under the Master Indenture. Each Class of Obligations may be accelerated only as provided in the Master Indenture. To the full extent permitted by law, the Mortgage may be foreclosed upon acceleration of one or more Classes of Obligations as provided in the Mortgage but to the extent a Class of Obligations is not accelerated and is not paid in full the Mortgage shall not be extinguished with respect to such Class and shall remain in full force and effect with respect thereto.

Compliance with Ground Lease

This section summarizes certain provisions which are contained in leasehold Mortgages but not in fee Mortgages with respect to the Series 2012 Bonds.

The Grantor shall pay on or before the due dates thereof all rents and other amounts payable under the provisions of the Ground Lease and will timely fully observe and perform all of the terms, covenants, agreements and conditions of the Ground Lease required therein to be observed and performed by the Grantor, and will, upon request from the Grantee, furnish to the Grantee satisfactory evidence of payment evidencing the timely payment of all rents due thereunder, which evidence shall be furnished to the Grantee within ten (10) days after the due date for such rents. If the Grantor shall fail to do any of the things described in the preceding sentence, the Grantee may (but shall not be obligated to) take any action the Grantee deems necessary or desirable to prevent or to cure any default by the Grantor in the performance of or compliance with any of the Grantor's covenants or obligations under the Ground Lease. In any such event, subject to the rights of lessees, sublessees and other occupants, Grantee and any person designated by Grantee shall have, and are hereby granted, the right to enter upon the Mortgaged Property at any time and from time to time for the purpose of taking any such action. If the Ground Lessor shall deliver to Grantee a copy of any notice of default sent to the Grantor, as tenant under the Ground Lease, such notice shall constitute full protection to Grantee for any action taken or omitted to be taken by Grantee in reliance thereon. The Grantor covenants and agrees to immediately (and in all events within five (5) days) deliver to the Grantee a copy of any notice of default under the Ground Lease and fully and timely cure the same. In addition, the Grantor will not, whether or not in accordance with the terms of the Ground Lease, do or permit anything to be done, the doing of which, or refrain from doing anything to be done, the omission of which, will terminate or impair the security of the Mortgage or will be grounds for terminating the Ground Lease or declaring a forfeiture thereof (including, without limitation, the timely exercise of any renewal options contained in the Ground Lease). In addition, the Grantor covenants and agrees that if it exercises any option the Grantor may have with respect to the Mortgaged Property or any part thereof it will deliver to the Grantee a copy of its notice to the owner of such Mortgaged Property of the Grantor's intent to exercise such option concurrently with the Grantor's delivery of such notice to such owner.

As further and additional collateral for payment of the principal and interest payments on the Obligations and the other Obligations and performance of the covenants set forth in the Master Indenture, or in the Ground Lease, the Grantor assigns to the Grantee all of the Grantor's right, title and interest as tenant under the Ground Lease and its rights to terminate, disaffirm, cancel, modify, change, surrender, supplement, alter or amend the Ground Lease (excluding the right to timely exercise of any renewal options thereunder, which right is expressly retained as a right of the Grantor so long as no Event of Default has occurred and is continuing), and any such termination, cancellation, disaffirmance, modification, change, surrender, supplement, alteration or amendment of, or election under, the Ground Lease made without the Grantee's prior written consent shall be void and of no force and effect; *provided, however*, that termination, cancellation or modification required by the owner of the property subject to the Ground Lease pursuant to the terms of the Ground Lease shall not require consent of the Grantee.

APPENDIX F – CERTAIN DEFINED TERMS

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CERTAIN DEFINED TERMS

“**Additional Bonds**” means Bonds of one or more Series, other than the Series 2012 Bonds, authorized and issued by the Authority pursuant to this Indenture, each of which Series shall be designated as either Senior Bonds or Subordinate Bonds.

“**Additional Properties**” means, collectively, a property which is neither a Project nor a Mortgaged Property but from which some or all of the Net Revenue is pledged under the Master Indenture, each which Additional Properties is required to be listed on Schedule B to the Master Indenture, as the same may be redelivered from time to time as provided in the Master Indenture.

“**Airport Consultant**” means Landrum & Brown.

“**Annual Maintenance Reserve Fund Deposit**” means initially an amount equal to \$0.13 times the aggregate number of square feet of building space at all Projects, all Mortgaged Properties and all Additional Properties, as such number may or shall be adjusted as permitted or required by the Master Indenture.

“**Argus**” means an analytical software program commonly used throughout the real estate industry.

“**Authority**” means the Public Finance Authority, or its successors and assigns.

“**Base Rent and Expense Recoveries**” means proportionate share of operating and maintenance costs and real estate taxes related to the Facilities required to be reimbursed to the Member.

“**Belly Carriers**” means passenger carriers providing cargo lift in their passenger aircraft

“**Bondholders**” means Cede & Co.

“**Bonds**” means the Series 2012 Bonds and any Additional Bonds authorized and issued pursuant to the Bond Indenture.

“**CBRE Independent Consultant Report**” means Aeroterm US Portfolio Market Assessment and Roll-Up.

“**Closing Date**” means the date of issuance of the Series 2012 Bonds.

“**Code**” means the Internal Revenue Code of 1986, as amended and the treasury regulations promulgated thereunder.

“**Consultant Reports**” means a written report of an Independent Consultant.

“**Credit Facility**” means an unconditional irrevocable letter of credit, a line of credit which is revocable only upon the occurrence of commercially reasonable contingencies, a guaranty or an indemnity or surety insurance policy, a bond insurance policy or bond (a) which is issued for the benefit of the holder of any Indebtedness in order to provide a source of funds for the payment of

all or any portion of a Member's payment obligations under or with respect to such Indebtedness and (b) the issuer of which is a Qualified Financial Institution.

“Current Operations Fund” means the Fund of the Obligated Group established with the Master Trustee pursuant to the Master Indenture in accordance with the requirements of the Master Indenture, into which the Master Trustee shall deposit moneys as required by the Master Indenture.

“Debt Service Fund” means the special fund established with the Master Trustee pursuant to and in accordance with the Master Indenture.

“Debt Service Reserve Fund” means each reserve fund established under the Related Financing Documents for a Project financed with a Series of Bonds (or under the Master Indenture, to the extent required pursuant thereto and any Supplemental Indenture) to secure such Bonds in at least the amount of the Debt Service Reserve Requirement. Any Debt Service Reserve Fund may be funded with monies, a Credit Facility or any combination of the same.

“Debt Service” means the principal and redemption price of and interest due on or under a Note or other Obligation.

“DTC” or **“The Depository Trust Company”** means the limited-purpose trust company organized under the laws of the State of New York which shall act as securities depository for the Bonds, and any successor thereto.

“Event of Default” means any event of default under the Master Indenture, as defined therein.

“Facilities” means, collectively, the PFA Facilities and the JFK Facility.

“Federal Bankruptcy Code” means Title 11 of the United States Code, 11 U.S.C. §§101 et seq., as amended from time to time.

“Financial Projections” means the summary of projected cash flow and debt service coverage from 2013 through 2042 for the Initial Members of the Obligated Group made by the Manager with respect to cash flow of the Initial Members.

“Financing Agreements” means, collectively, the Installment Sale Agreement and Assignment of Lease, dated as of September 1, 2012, between New York City Industrial Development Agency and Aero JFK, LLC and the Loan and Security Agreement, dated as of September 1, 2012, between Public Finance Authority and certain Members of the Obligated Group.

“Fiscal Year” means a period of twelve consecutive months ending on June 30 or on such other date as may be specified in an Officer's Certificate delivered to the Master Trustee.

“Governing Person” means the governing board of an entity or such other Person having control over the actions or determinations of an entity or other Person.

“Gross Revenues” means Net Revenues from Additional Properties, if any, and all operating and non-operating revenues, receipts and income of each Member and all rights to receive the

same, whether in the form of accounts receivable, contract rights, chattel paper, instruments, general intangibles or other rights and all proceeds thereof, including insurance proceeds and condemnation awards, whether now existing or thereafter coming into existence and whether now owned or thereafter acquired and all amounts contributed to the capital of a Member by its owners.

“**Ground Lease**” means any one of the ground leases under which a Member holds its leasehold interest in the ground that is part of any Project, any Mortgaged Property or any Additional Property.

“**Ground Rent**” means the amount of rent paid by the Members to the respective owners of the Facility pursuant to the Ground Leases.

“**Group Representative**” means Transportation Infrastructure Properties, LLC and its successors and assigns, including, without limitation, any other Member of the Obligated Group which shall have been designated to assume the responsibilities of the Group Representative pursuant to the Master Indenture.

“**Holder**” means, as the context requires, any Noteholder or other obligee on an Obligation, and shall include successors or assigns. In the case of an Obligation issued to a trustee or other fiduciary acting on behalf of the holders of any bonds, notes, certificates or other similar obligations which are secured by such Obligation, the term Holder shall mean the trustee or other fiduciary or, if so provided in the Related Financing Documents, the holders of the bonds, notes, certificates or other obligations in proportion to their respective interests therein or, if so required in such Related Financing Documents, the Qualified Credit Provider under such Related Financing Documents as defined therein.

“**Indebtedness**” means and includes: (a) except as provided later in this definition, all Obligations; and (b) any additional obligation for the payment of money to a Person other than a Member, which obligation is incurred, assumed or guaranteed by a Member and is in the form of (i) a loan, (ii) a capitalized lease, installment sale agreement or other comparable arrangement to provide for the acquisition, renovation or construction of capital assets, or (iii) any other extension of credit by a third party which is properly treated as indebtedness under generally accepted accounting principles; provided that Indebtedness shall not include any Note or other Obligation issued to secure a Hedge.

“**Indentures**” means, collectively, the New York City Industrial Development Agency Indenture of Trust, dated as of September 1, 2012, between New York City Industrial Development Agency and The Bank of New York Mellon Trust Company, N.A., as IDA Trustee and the Public Finance Authority Trust Indenture, dated as of September 1, 2012, between Public Finance Authority and Wells Fargo Bank, National Association, as PFA Trustee.

“**Joinder Agreement**” means a written instrument by which a Person becomes a Member and thereby becomes subject to the Master Indenture in accordance with the terms and provisions thereof.

“**Maintenance Reserve Fund**” means the Maintenance Reserve Fund established under the Master Indenture in accordance with the requirements thereof.

“Management Agreement” means the management contract or contracts relating to the Projects, Mortgaged Property and Additional Property, initially, the Amended and Restated Master Management Agreement by and between CalEast Air Cargo, LLC and AeroTerm US, Inc., dated June 26, 2007, as the same may be required to be redelivered from time to time upon a change in the Manager of any Project, Mortgaged Property or Additional Property or upon a new Project, Mortgaged Property or Additional Property being added.

“Management Fees” means the regular payment for services of the Manager and additional compensation based upon the occurrence of specific events pursuant to the Amended and Restated Master Management Agreement, dated June 26, 2007, between CalEast Air Cargo, LLC and AeroTerm US, Inc., as the same may be amended and supplemented from time to time.

“Manager” means, initially, with respect to all the Projects and all the Mortgaged Properties, AeroTerm U.S., Inc., a Delaware corporation, and its successors and permitted assigns with respect to one or more of the Projects, Mortgaged Properties or Additional Properties.

“Master Indenture” means that certain Master Trust Indenture dated as of September 1, 2012, between the Members of the Obligated Group and the Master Trustee, as the same may be further amended and supplemented from time to time.

“Master Note” means, collectively, the Senior Notes, the Subordinate Class A Notes and the Subordinate Class B Notes.

“Master Trustee” means Wells Fargo Bank, National Association, acting as master trustee under the Master Indenture and its successors and assigns thereunder.

“Members” means (a) the Initial Members, the Special Limited Member, and any other Person which has become a Member in accordance with the provisions of the Master Indenture, whether or not such Person has issued any Obligations thereunder, [and (b) when used in respect of any particular Obligation financing one or more Projects or other Indebtedness, shall mean the Member or each Member owning a Project or Projects financed by such Obligation thereunder.]

“Mortgage” means a mortgage or deed of trust and an included or separate assignment of rents together with such other security documents as shall be executed to effect a security interest of the Master Trustee in a Project or Mortgaged Property.

“Mortgages” means the Mortgages from certain of the Members of the Obligated Group to the Master Trustee given against the interests of the Members of the Obligated Group under the Related Ground Leases to secure the payment of the Obligations issued under the Master Indenture, including, without limitation, the Master Indenture Notes.

“Net Revenues from Additional Properties” means the sum of the amount of revenues derived from the properties required to be listed on Schedule B (if any) to the Master Indenture from time to time after payment of all operating expenses, impositions and debt service required to be paid from such revenues prior to the owner of each such property taking any profit therefrom.

“NYC IDA Indenture” means that certain Indenture of Trust, dated as of September 1, 2012, between New York City Industrial Development Agency and The Bank of New York Mellon

Trust Company, N.A., as IDA Trustee, as the same may be amended, modified or supplemented from time to time.

“**NYC IDA Installment Sale Agreement**” means that certain Installment Sale Agreement, dated as of September 1, 2012, between the JFK Member and the NYC IDA, as the same may be amended, modified or supplemented from time to time.

“**NYC IDA Trustee**” means The Bank of New York Mellon Trust Company, NA, as IDA Trustee.

“**NYC IDA**” means the New York City Industrial Development Agency.

“**Obligations**” means any Master Note issued under the Master Indenture and any additional form or forms of Obligations created pursuant thereto, including any Obligation issued to secure a Hedge.

“**Officer’s Certificate**” means a certificate or report signed by an Authorized Representative of the appropriate Member of the Obligated Group. When an Officer’s Certificate is required under the Master Indenture to set forth matters relating to more than one Member of the Obligated Group, such Officer’s Certificate shall be signed by an Authorized Representative of the Group Representative.

“**Operating and Maintenance Expenses**” means all Maintenance Expenses and Capital Costs and reasonable and necessary expenses of any Member of operating any Project, Mortgaged Property or Additional Property (including, without limitation, all fees and any out of pocket expenses reimbursed to any Manager under the terms of the applicable Management Agreement and all leasing commissions), including amounts due with respect to personal property secured as permitted in the Master Indenture, but shall not include (i) depreciation charges, or adjustments for straight-line amortization of ground rental expense, amortization of purchase price allocated to below market leases, amortization of purchase price allocated to above market ground leases, bad debt expense or straight-line amortization of rental revenue, (ii) amortization of principal, premium or discount and interest on Obligations or Bonds or other Indebtedness (except amounts due with respect to personal property secured as permitted in the Master Indenture, and (iii) taxes on net income, taxable income, book income, net revenues, gross receipts, profits, equity, net book value, net worth or any combination thereof of such Member.

“**Opinion of Counsel**” means an opinion or opinions in writing, signed by legal counsel acceptable to the Master Trustee who, unless otherwise specified, may be counsel to a party to the Related Financing Documents or to a Member of the Obligated Group. As to any factual matters involved in an Opinion of Counsel, such counsel may rely, to the extent that they deem such reliance proper, upon a certificate or certificates setting forth such matters which have been signed by an official, officer, general partner or authorized representative of a particular Person.

“**Other Rent**” means Revenue other than Base Rent and Expense Recoveries generated at certain facilities.

“**Owner**” means the registered owner of a Bond, including the Securities Depository, if any, or its nominee.

“**PFA Indenture**” means that certain Trust Indenture, dated as of September 1, 2012, between Public Finance Authority and Wells Fargo Bank, National Association, as PFA Trustee, as the same may be amended, modified or supplemented from time to time.

“**PFA Loan Agreement**” means that certain Loan and Security Agreement, dated as of September 1, 2012, between the Public Finance Authority and the Members of the Obligated Group, and any amendments and supplements thereto.

“**PFA Trustee**” means Wells Fargo Bank, National Association, as PFA Trustee.

“**Pricewaterhouse Coopers LLP**” means the preparer of the Consolidated Financial Statements of Cargo Acquisition Company, LLC.

“**Projected Senior Debt Service Coverage Ratio**” means, for the period of time for which it is calculated for all Senior Obligations, the ratio determined by dividing (a) a numerator equal to the Projected Revenues Available for Debt Service for such period by (b) a denominator equal to the sum of the Debt Service Requirements for all Senior Obligations (including those for proposed Indebtedness to the extent provided in the definition of “Maximum Annual Debt Service Requirements” and using the expected amortization schedule for the proposed Indebtedness) for such period, plus any amounts reasonably expected to be required to be deposited in the Debt Service Reserve Funds for all Bonds secured by Senior Obligations (including any such Bonds expected to be issued).

“**Projects**” means a group of facilities for which a Member is the ground lessee financed by one or more Series of Bonds.

“**Real Estate Consultant**” means CBRE.

“**Rebate Fund**” means the fund established with the Master Trustee pursuant to the Master Indenture, in accordance with the requirements thereof.

“**Redemption Price**” means an amount equal to the principal of and premium, if any, and accrued interest, if any, on the Bonds to be paid on the Redemption Date.

“**Registered Owners**” means Cede & Co.

“**Renewal Fund**” means the named Fund established with such name with the Master Trustee pursuant to the Master Indenture, in accordance with the requirements thereof.

“**Reports**” means a report commissioned by a Group Representative to detail reasons for deficiency in Maintaining Debt Service Coverage Ratios

“**Required Monthly Deposits**” means in any month, the sum of the following with respect to each Outstanding Note and other Outstanding Obligation: (i) a portion of the interest due on the next scheduled interest payment date with respect to the Series of Bonds or other Indebtedness secured thereby, such that if, in each subsequent month prior to the next date scheduled interest is to be paid with respect to such Note or other Obligation, an equal amount were deposited, the amount on deposit on such next scheduled interest payment date would be equal to (or as close to

equal to, but not less than, as possible) the interest due with respect thereto on such date; (ii) a portion of the principal due on the next scheduled principal payment or prepayment date with respect to the Series of Bonds or other Indebtedness secured thereby, such that, if, in each subsequent month prior to the next date scheduled principal is to be paid or prepaid with respect to such Note or other Obligation, an equal amount were deposited, the amount on deposit on the next scheduled principal payment date would be equal to (or as close to equal to, but not less than, as possible) of the principal (including scheduled prepayments) and, notwithstanding the provisions in Section 1.5 of the Master Indenture, excluding any termination payments due under a Hedge due on such next scheduled principal payment date; (iii) any prepayments of the Note or other Obligation required to be made in connection with any unscheduled mandatory redemption of such Series of Bonds or any optional redemption for which irrevocable notice has been sent; and (iv) any termination payments due under a Hedge. In calculating the Required Monthly Deposits, the Master Trustee shall take into account, and credit as deposited towards the Required Monthly Deposit with respect to the applicable Series of Bonds, amounts required to be credited to the Debt Service Fund held by the related Bond Trustee because of permitted reductions in the amount held in the Debt Service Reserve Fund for such Series of Bonds and may adjust for earnings and other extra amounts held in the Revenue Fund and the Debt Service Fund.

“**Revenue Fund**” means the named Fund with such name authorized to be established pursuant to the Master Indenture in accordance with the requirements thereof.

“**Senior Notes**” means a Note that is a Senior Obligation.

“**Series 2012 Obligated Group Bonds**” means the Series 2012 Subordinate Bonds and the Series 2012 Senior Bonds.

“**State**” means State of New York with respect to the Series 2012A Bonds and the State of Wisconsin with respect to the Series 2012B Bonds, Series 2012C Bonds, Series 2012D Bonds, Series 2012E Bonds and Series 2012F Bonds.

“**Subordinate Class A Notes**” means a Note that is a Subordinate Class A Obligation.

“**Subordinate Class A Obligations**” means an Obligation that is designated as “Subordinate Class A” and, therefore, (i) is secured by liens specified in the Master Indenture which are subordinate to those of the Senior Obligations but superior to those of the Subordinate Class B Obligations and (ii) has the rights specified in the Master Indenture which are inferior and subordinate to the rights of the Senior Obligations but superior to the rights of the Subordinate Class B Obligations.

“**Subordinate Class B Obligations**” means an Obligation that is designated as “Subordinate Class B” and, therefore, is secured by the subordinate liens and has the inferior and subordinate rights specified in the Master Indenture with respect to Subordinate Class B Obligations as compared to those of Senior Obligations and Subordinate Class A Obligations.

“**Tenant Lease**” means an existing or future sublease.

“**Tenant Leases**” means, collectively, existing or future subleases.

“**Tenant**” or “**Tenants**” means a sublease of air cargo facilities for the use of all or a portion of such facilities to conduct freight or air cargo operations, or other aviation-related businesses, or other businesses permitted under the ground leases and will pay rent to such Member pursuant to a sublease.

“**Vacancy Loss**” means loss rent and expense reimbursements associated with the projected downtime between expiring and new leases.

**APPENDIX G – FINANCIAL STATEMENTS OF CARGO ACQUISITION COMPANY, LLC AND
INDEPENDENT AUDITORS’ REPORT FOR FISCAL YEARS ENDED JUNE 30, 2009, 2010 AND 2011;
UNAUDITED FINANCIAL INFORMATION THROUGH THE FISCAL QUARTER ENDED MARCH 31,
2012**

The Obligated Group will be formed in conjunction with the issuance of the Offered Bonds and as such, no financial statements currently exist with respect to the Obligated Group. However, financial information with respect to the Initial Members is included within the consolidated financial statements of Cargo Acquisition Company, LLC, a Delaware limited liability company (“CAC”) which, prior to the issuance of the Series 2012 Bonds, owned, directly or indirectly, all of the ownership interests in each of the Initial Members of the Obligated Group. The consolidated financial statements of CAC for fiscal years ended June 30, 2009, June 30, 2010 and June 30, 2011, as well as unaudited financial information of CAC for the fiscal quarter ended March 31, 2012, are included in “PART V – APPENDICES RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012B PFA BONDS – APPENDIX G – FINANCIAL STATEMENTS OF CARGO ACQUISITION COMPANY, LLC AND INDEPENDENT AUDITORS’ REPORT FOR FISCAL YEARS ENDED JUNE 30, 2009, 2010 AND 2011; UNAUDITED FINANCIAL INFORMATION THROUGH THE FISCAL QUARTER ENDED MARCH 31, 2012” of this Offering Statement.

On or prior to the issuance of the Series 2012 Senior Bonds, CAC will transfer its ownership interests in the Initial Members to TriPs. In addition to all of the financial information relating to the Initial Members, the CAC financial statements for the fiscal year ending June 30, 2009 included a combined net loss derived from CAC administrative divisions, Aero Austin, LP, Aero Miami FX, LLC, Aero Nashville, LLC, and Aero Miami III of (\$2,917,172) out of the total net loss for CAC of (\$67,295,892). None of these entities will be included as Initial Members of the Obligated Group.

In addition to all of the financial information relating to the Initial Members, the CAC financial statements for the fiscal year ending June 30, 2010 include a combined net loss derived from CAC administrative divisions, Aero Austin, LP, Aero Miami FX, LLC, Aero Nashville, LLC, and Aero St Louis, LLC of (\$1,007,830) out of the total net loss for CAC of (\$31,517,637). None of these entities will be included as Initial Members of the Obligated Group.

In addition to all of the financial information relating to the Initial Members, the CAC financial statements for the fiscal year ending June 30, 2011 include a combined net loss derived from CAC administrative divisions, Aero Austin, LP, Aero Miami FX, LLC, Aero Nashville, LLC, and Aero St Louis, LLC of (\$4,144,671) out of the total net loss for CAC of (\$35,223,264). None of these entities will be included as Initial Members of the Obligated Group.

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**FINANCIAL STATEMENTS OF CARGO ACQUISITION COMPANY, LLC AND INDEPENDENT
AUDITORS' REPORT FOR FISCAL YEARS ENDED JUNE 30, 2009, 2010 AND 2011**

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Cargo Acquisition Company, LLC
Consolidated Financial Statements
June 30, 2009

Cargo Acquisition Company, LLC

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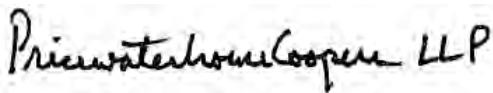
June 30, 2009

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Report of Independent Auditors

To the Member of
Cargo Acquisition Company, LLC:

In our opinion, the accompanying consolidated statement of financial position and the related consolidated statements of operations, of changes in member's equity and of cash flows present fairly, in all material respects, the financial position of Cargo Acquisition Company, LLC and its subsidiaries (the "Company") at June 30, 2009, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.



September 23, 2009

Cargo Acquisition Company, LLC
Consolidated Statement of Financial Position
June 30, 2009

Assets

Income-producing properties, net	\$ 774,574,923
Construction-in-progress	18,355,457
Cash	2,713,058
Restricted cash and cash equivalents	73,732,532
Restricted investment (net of discount \$2,680)	3,445,722
Accounts receivable (net of allowance of \$1,771,773)	9,994,621
Deferred rental receivables (net of allowance of \$111,776)	10,963,312
Deferred financing costs (net of accumulated amortization of \$510,278)	3,132,552
Prepaid expenses	1,580,226
Forward delivery agreement assets	1,226,724
Total assets	<u>\$ 899,719,127</u>

Liabilities and Member's Equity

Revenue and bank bonds payable (net of fair value adjustment of \$14,054,657)	\$ 552,405,343
Mortgage notes payable	1,540,030
Related party note payable	17,650,000
Above market ground lease (net of accumulated amortization of \$394,291)	782,738
Below market leases (net of accumulated amortization of \$5,102,033)	3,960,084
Purchase and resale agreement	2,479,851
Forward delivery agreement liabilities	2,924,530
Interest rate swaps	2,185,721
Deferred rental liabilities	14,829,406
Accounts payable and accrued expenses	31,955,761
Rents received in advance	2,687,860
Tenants' security deposits	1,642,870
Total liabilities	<u>635,044,194</u>
Member's equity	<u>264,674,933</u>
Total member's equity	<u>264,674,933</u>
Total liabilities and member's equity	<u>\$ 899,719,127</u>

The accompanying notes are an integral part of the consolidated financial statements.

Cargo Acquisition Company, LLC
Consolidated Statement of Operations
Year Ended June 30, 2009

Revenues	
Rental	\$ 79,788,295
Tenant recovery income	34,596,464
Other income	<u>2,665,001</u>
Total revenues	<u>117,049,760</u>
Expenses	
Ground and facility rent	26,559,498
Operating	10,355,721
Property management	3,687,049
Real estate taxes and insurance	7,583,639
General and administrative	10,475,576
Depreciation and amortization	52,740,773
Impairment loss	<u>15,728,948</u>
Total expenses	<u>127,131,204</u>
Other income / (expense)	
Interest income	2,978,360
Interest expense	(54,133,203)
Other expense	(249,162)
Unrealized loss on change in fair value of derivatives	<u>(5,810,443)</u>
Total other income / (expense)	<u>(57,214,448)</u>
Net loss	<u>\$ (67,295,892)</u>

The accompanying notes are an integral part of the consolidated financial statements.

Cargo Acquisition Company, LLC
Consolidated Statement of Changes in Member's Equity
Year Ended June 30, 2009

Member's equity, June 30, 2008	\$ 329,825,825
Contributions	19,262,977
Distributions	(17,117,977)
Net loss	<u>(67,295,892)</u>
Member's equity, June 30, 2009	<u>\$ 264,674,933</u>

The accompanying notes are an integral part of the consolidated financial statements.

Cargo Acquisition Company, LLC
Consolidated Statement of Cash Flows
Year Ended June 30, 2009

Cash flows from operating activities	
Net loss	\$ (67,295,892)
Adjustments to reconcile net loss to net cash provided by operating activities	
Depreciation and amortization	52,740,773
Amortization of above market leases	2,432,405
Amortization of above market ground lease	(94,623)
Amortization of below market leases	(2,689,772)
Amortization of below market ground lease	323,138
Bad debt expense	9,157,829
Straight-line rental income	(3,897,905)
Straight-line ground rent	3,406,246
Unrealized loss on change in fair value of derivatives	5,810,443
Amortization of fair value adjustment to revenue bonds payable	13,303,206
Amortization of deferred financing costs	934,095
Impairment loss	15,728,948
Loss on involuntary conversion of assets	93,643
Loss on write off of expired land development option	158,538
Gain on disposal of assets	(3,019)
Changes in operating assets and liabilities	
Accounts receivable	(10,526,056)
Prepaid expenses	(159,424)
Accounts payable and accrued expenses	6,283,781
Rents received in advance	584,203
Tenant security deposits	(1,327,236)
Net cash provided by operating activities	<u>24,963,321</u>
Cash flows from investing activities	
Decrease in restricted cash	35,449,233
Additions to income producing properties	(3,512,712)
Additions to construction in progress	(6,360,084)
Net cash provided by investing activities	<u>25,576,437</u>
Cash flows from financing activities	
Repayment of revenue bonds payable	(41,045,000)
Repayment of mortgage notes payable	(248,742)
Repayment of related party note payable	(9,850,000)
Deferred financing costs	(1,321,678)
Contributions	19,262,977
Distributions	(17,117,977)
Net cash used in financing activities	<u>(50,320,420)</u>
Net increase in cash and cash equivalents	219,338
Cash and cash equivalents	
Beginning of year	2,493,720
End of year	<u>\$ 2,713,058</u>
Supplemental disclosure of cash flow information	
Interest paid, net of interest capitalized	\$ 36,105,398
Taxes paid	\$ 91,949
Non-cash investing activities	
Allocation to income producing properties from construction in progress	\$ 3,605,115
Accruals related to income producing properties	\$ 60,403
Accruals related to construction in progress	\$ 3,460,189

The accompanying notes are an integral part of the consolidated financial statements.

Cargo Acquisition Company, LLC

Notes to Consolidated Financial Statements

June 30, 2009

1. Organization

Cargo Acquisition Company, LLC ("CAC" or the "Company") was formed on February 16, 2000 as a Delaware limited liability company. On April 28, 2005, Greenfield Cargo Associates, LLC and Aeroterm, LLC sold their interests in CAC to CalEast Air Cargo, LLC ("CalEast"). The Company is 100% wholly owned by CalEast. CAC was formed for the purpose of (a) acquiring, owning, developing, constructing, financing, marketing, and selling air cargo facilities, and (b) leasing, improving, operating and managing these properties. CAC will terminate upon expiration of its legal term on December 31, 2050, unless terminated at an earlier date under specific conditions as noted in the operating agreement or extended by the unanimous approval of its indirect members.

Capital and additional contributions will be made from time to time as required to acquire additional properties or to pay obligations or expenses. CalEast's liability is limited to the amount of capital contributed, their share of any assets and undistributed income of the Company and obligations expressly provided for in the operating agreement.

Cargo Acquisition Company, LLC
Notes to Consolidated Financial Statements
June 30, 2009

The accompanying consolidated financial statements include the accounts of the following subsidiaries:

Name of Entity	Location	Date of Formation	State of Formation
Aero Anchorage, LLC ("Anchorage")	Anchorage, AK	03/05/07	Delaware
Aero Austin, LP ("Austin")	Austin, TX	05/01/98	Delaware
Aero Boylston, LLC ("Boylston")	Worcester, MA	02/12/03	Massachusetts
Aero DFW, LP ("DFW") (a)	Dallas, TX	08/31/01	Delaware
Aero DFW II, LP ("DFW II")	Dallas, TX	07/14/06	Delaware
Aero DFW III, LP ("DFW III")	Dallas, TX	10/23/06	Delaware
Aero DFW FEE, LP ("DFW FEE")	Dallas, TX	07/14/06	Delaware
Aero Fort Myers, LLC ("Ft. Myers") (a)	Fort Myers, FL	11/13/01	Florida
Aero Greensmor, LP ("Greensmor")	Houston, TX	08/31/01	Delaware
Aero Harrisburg, LLC ("Harrisburg")	Harrisburg, PA	05/01/98	Delaware
Aero Houston Central, LP ("Houston Central") (a)	Houston, TX	09/25/01	Delaware
Aero Houston East, LP ("Houston East")	Houston, TX	08/30/01	Delaware
Aero Houston East II, LP ("Houston East II")	Houston, TX	07/14/06	Delaware
Aero JFK, LLC ("JFK")	New York, NY	02/19/04	Delaware
Aero Kansas City, LLC ("Kansas City") (a)	Kansas City, MO	08/08/00	Missouri
Aero Lauderdale, LLC ("Lauderdale") (a)	Fort Lauderdale, FL	05/13/02	Florida
Aero Louisville, LLC ("Louisville")	Louisville, KY	02/19/04	Delaware
Aero LAX, LLC ("LAX")	Los Angeles, CA	06/04/07	Delaware
Aero Miami FX, LLC ("Miami FX")	Miami, FL	07/15/03	Delaware
Aero Miami I, LLC ("Miami I")	Miami, FL	02/19/04	Delaware
Aero Miami II, LLC ("Miami II")	Miami, FL	02/19/04	Delaware
Aero Miami III, LLC ("Miami III")	Miami, FL	02/22/07	Delaware
Aero Milwaukee, LLC ("Milwaukee") (a)	Milwaukee, WI	04/13/98	Delaware
Aero Nashville, LLC ("Nashville")	Nashville, TN	03/14/05	Delaware
Aero Newark, LLC ("Newark")	Newark, NJ	02/19/04	Delaware
Aero New Orleans, LLC ("New Orleans") (a)	New Orleans, LA	08/30/01	Delaware
Aero New Orleans 7 Property ("New Orleans 7")	New Orleans, LA	10/01/01	Delaware
Aero Norfolk, LLC ("Norfolk") (a)	Norfolk, VA	07/19/00	Virginia
Aero O'Hare, LLC ("O'Hare")	Chicago, IL	03/05/07	Delaware
Aero O'Hare Express, LLC ("O'Hare Express")	Chicago, IL	03/05/07	Delaware
Aero Oklahoma, LLC ("Oklahoma") (a)	Oklahoma, OK	11/12/02	Delaware
Aero Orlando, LLC ("Orlando") (a)	Orlando, FL	01/08/02	Florida
Aero Orlando II, LLC ("Orlando II")	Orlando, FL	03/07/06	Delaware
Aero Pensacola, LLC ("Pensacola") (a)	Pensacola, FL	08/31/01	Delaware
Aero Phila, LP ("Phila") (a)	Philadelphia, PA	08/31/01	Delaware
Aero Philadelphia, LLC ("Philadelphia")	Philadelphia, PA	12/14/00	Delaware
Aero Phil FE, LP ("Phil FE")	Philadelphia, PA	02/12/03	Delaware
Aero Portland, LLC ("Portland") (a)	Portland, OR	04/13/98	Oregon
Aero Portland II, LLC ("Portland II")	Portland, OR	06/07/06	Delaware
Aero Portland ME, LLC ("Portland ME")	Portland, ME	01/04/06	Delaware
Aero Rickenbacker, LLC ("Rickenbacker")	Columbus, OH	08/29/05	Delaware
Aero South Bend, LLC ("South Bend")	South Bend, IN	02/28/06	Delaware
Aero Syracuse, LLC ("Syracuse") (a)	Syracuse, NY	06/02/00	New York

(a) Part of the "Obligated Group"

Cargo Acquisition Company, LLC

Notes to Consolidated Financial Statements

June 30, 2009

2. Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include all accounts of the CAC wholly-owned entities. All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Accounting

These consolidated financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("GAAP").

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results can differ from those estimates.

Restricted Cash and Cash Equivalents

Included in the accompanying consolidated statement of financial position is cash and cash equivalents held in escrow as required by the loan agreements described in Note 8 for debt service payments and various reserves. The Company is required to deposit revenues into funds maintained by designated trustees of the Bonds (hereinafter defined). Use of these funds is governed by the terms of the Bond agreements as disclosed in Note 8. Interest income earned on funds held in escrow is reported as a component of other income on the consolidated statement of operations.

Restricted Investment

Restricted investments are T-bills that are valued at amortized cost, which approximates market value. The amortized cost method involves valuing a security at its cost on the date of purchase and recording a constant amortization or accretion to maturity of any discount or premium.

Income-Producing Properties

The income-producing properties are carried at cost. The Company accounts for all acquisitions in accordance with Financial Accounting Standards Board's ("FASB") Statement of Financial Accounting Standard No. 141, "*Business Combinations*" ("FAS 141"). Upon acquisition of a property, the Company allocates the purchase price of the property based upon the relative fair value of the assets acquired and liabilities assumed, which generally consist of buildings, tenant improvements, leasing commissions and intangible assets including in-place leases, above market and below market leases (including ground leases), tenant relationships and leasehold intangibles. The Company allocates the purchase price to the fair value of the tangible assets of an acquired property by valuing the property as if it were vacant. Acquired above and below market leases (including ground leases) are valued based on the present value of the difference between prevailing market rates and the in-place rates over the remaining lease term.

The purchase price is further allocated to in-place lease values and tenant relationships based on management's evaluation of the specific characteristics of each tenant's lease and the Company's overall relationship with the respective tenant. Acquired above and below market leases are amortized over the remaining non-cancelable terms of the respective leases as an adjustment to rental income on the consolidated statement of operations. Acquired above and below market

Cargo Acquisition Company, LLC

Notes to Consolidated Financial Statements

June 30, 2009

ground leases are amortized over the remaining non-cancelable term of the ground lease as an adjustment to ground rent expense on the Company's consolidated statement of operations. The value of in-place lease intangibles is amortized over the remaining lease term of the respective lease as adjustments to depreciation and amortization expense. Leasehold intangibles are amortized over their economic life, not to exceed their respective lease term. The value of tenant relationships is amortized over the remaining lease term and expected renewal periods of the respective lease as adjustments to depreciation and amortization expense. If a tenant terminates its lease early, the unamortized portion of the tenant improvements, leasing commissions, above and below market leases, the in-place lease value and tenant relationships are immediately written off.

The buildings are depreciated using the straight-line method over the shorter of the remaining useful life of the asset or the term of the underlying ground lease. Tenant improvements are amortized over the shorter of the remaining useful life of the assets or the life of the related lease plus renewal periods that are deemed to be reasonably assured at the date of acquisition. Leasing commissions and deferred leasing costs are amortized over the length of their respective lease agreements using the straight-line method.

Repairs and maintenance are charged to expense as incurred.

Construction-in-Progress

Construction in progress consists of properties currently under development. Direct and indirect construction costs are capitalized and included in construction in progress until the property or building is completed. During the construction period, property taxes and insurance associated with the property under construction are capitalized as development costs. In addition, interest is capitalized monthly based on the average construction balance multiplied by the Company's weighted average effective interest rate on debt outstanding during the month. Capitalized interest was \$83,409 at June 30, 2009 and was included in the Construction-in-Progress balance. Interest and other costs incurred for such items after the property is substantially complete and ready for its intended use are charged to expense as incurred. Upon substantial completion of the project, all amounts capitalized are reclassified to income-producing properties.

Impairment of Long-Lived Assets

The Company accounts for its long-lived assets under the provisions of Statement of Financial Accounting Standards No. 144, "*Accounting for the Impairment or Disposal of Long-Lived Assets*". This statement requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If further assessment of recoverability is needed, management compares the carrying amount of the asset or asset group to future net cash flows expected to be generated by the asset or asset group. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value of the assets exceeds the fair value of the assets.

Ground and Facility Rent Expense

Ground and facility rent expense is recognized on a straight-line basis over the term of the related lease. All ground and facility leases are accounted for as operating leases.

Deferred Financing Costs

Costs incurred in connection with obtaining financing are capitalized and amortized over the term of the related debt using the straight-line method.

Cargo Acquisition Company, LLC

Notes to Consolidated Financial Statements

June 30, 2009

Accounting for Derivatives and Hedging Activities

All derivatives are recognized on the consolidated statement of financial position at their fair value. On the date that a derivative contract is entered into or assumed, the Company decides whether it intends to meet the documentation requirements to qualify for hedge accounting. If a derivative qualifies for hedge accounting, changes in the fair value of the derivative that are effective are recorded in other comprehensive income. If a derivative does not qualify for hedge accounting, or if there is an ineffective portion of the hedge, changes in the fair value of the derivative are recorded in the consolidated statement of operations as a component of other income / (expense). The Company has not elected to qualify for hedge accounting; therefore, the change in fair value of the derivative instruments is recognized in the consolidated statement of operations as a component of other income / (expense). The Company does not hold or issue derivative financial instruments for trading purposes.

Revenue Recognition

Revenue from leasing activities, which generally consists of non-cancelable operating leases with terms of one year or more, is recognized on a straight-line basis over the lease term reflecting all rent abatements and known rental increases. Rental income earned on a straight-line basis was \$3,897,905 more than the cash rent due for the year ended June 30, 2009, and is included in the deferred rent receivables and rental income in the accompanying consolidated financial statements. Contractually due but unpaid rents are included in accounts receivable on the accompanying consolidated statement of financial position.

Tenant recovery income generally includes payments from tenants for their prorata share of real estate taxes, insurance, ground rent, property management and other property operating expenses and is recognized as revenue in the same period the related expenses are incurred by the Company.

The Company provides an allowance for doubtful accounts on accounts receivable and deferred rent receivables estimated to be uncollectible. The allowance for doubtful accounts at June 30, 2009 was \$1,883,549 of which \$1,771,773 relates to tenant accounts receivable with the remaining \$111,776 relating to deferred rental receivables. The bad debt expense for the current year, which includes accounts written-off, is \$9,157,829 and is included as a component of general and administrative expense on the consolidated statement of operations.

Deferred Leasing Commissions and Costs

Deferred leasing commissions and costs are capitalized and amortized over the terms of the related tenant leases.

Income and Other Taxes

No provision has been made for federal income taxes in the accompanying consolidated financial statements, since the members include the income or loss in their own income tax return.

The Company is subject to certain state and local taxes. The provision for such state and local taxes has been reflected in general and administrative expense in the consolidated statement of operations. The amount due from state and local authorities is \$186,937 and is included in accounts receivable on the consolidated statement of financial position.

Cargo Acquisition Company, LLC
Notes to Consolidated Financial Statements
June 30, 2009

Fair Value Adjustment to Revenue Bonds Payable

The fair value adjustments made to the revenue bonds payable at the date of acquisition of the properties are amortized over the terms of the revenue bonds payable using the straight-line method. Amortization related to the discounts and premiums for the year ended June 30, 2009 was \$774,920 and is included as a component of interest expense on the consolidated statement of operations.

The Newark Revenue Bonds payable were adjusted to their fair value at the time of the acquisition of the property that resulted in a discount of \$4,921,323. Due to the acceleration of bonds payables as described in Note 8, and Newark's inability to make the next debt service payment on the Bank Bonds, it has been determined that the Bank Bonds should be considered a current obligation and; therefore the unamortized discount balance of \$3,197,722 was written off as a component of interest expense.

The Miami I Revenue Bonds payable were adjusted to their fair value at the time of the acquisition of the property that resulted in a discount of \$11,922,294. Due to the acceleration of bond payables as described in Note 8, it has been determined that in substance, the original debt has been extinguished; therefore the unamortized discount balance of \$9,330,564 was written off as a component of interest expense.

3. Income-Producing Properties

In connection with the financing issues as discussed in Note 8 as well as the overall depressed real estate market, management determined that an impairment had occurred at Newark and Austin as of June 30, 2009. Management recorded an impairment loss of \$15,728,948 in order to reduce the carrying value of the Newark and Austin properties to their respective estimated fair value of \$29,250,000 and \$3,750,000 as of June 30, 2009. No other properties were determined to be impaired.

Income-producing properties are comprised of the following:

	Cost	Accumulated Depreciation / Amortization	Net Book Value
Land	\$ 14,990,408	\$ -	\$ 14,990,408
Building and building improvements	851,883,750	(139,426,830)	712,456,920
Above market leases	5,503,128	(2,729,789)	2,773,339
Below market ground lease	7,293,140	(1,220,080)	6,073,060
In-place leases	20,707,210	(9,671,447)	11,035,763
Leasing commissions	17,137,551	(4,603,521)	12,534,030
Tenant relationship value	15,587,549	(7,100,612)	8,486,937
Leasehold intangibles	6,870,809	(693,890)	6,176,919
Deferred Lease Costs	48,844	(1,297)	47,547
	<u>\$ 940,022,389</u>	<u>\$ (165,447,466)</u>	<u>\$ 774,574,923</u>

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Acquired intangible liabilities, associated with acquired income-producing properties, are shown separately on the consolidated statement of financial position as follows:

	Cost	Accumulated Amortization	Net Book Value
Above market ground lease (liability)	\$ (1,177,029)	\$ 394,291	\$ (782,738)
Below market leases (liability)	\$ (9,062,117)	\$ 5,102,033	\$ (3,960,084)

Acquired lease intangibles are amortized on a straight-line basis over the life of the related leases except for the tenant relationship values that have been amortized over the life of the related lease plus expected renewal periods.

The above market leases, in-place leases, leasing commissions and below market leases related to the tenant leases assumed at acquisition that expired during the year were fully amortized and written off as of June 30, 2009.

The Company incurred net amortization expense pertaining to acquired lease intangibles of \$12,350,328 for the year ended June 30, 2009. The Company will recognize amortization expense related to acquired lease intangibles over the next five years as follows:

	2010	2011	2012	2013	2014	Thereafter
Amortization of:						
Acquired above market leases	\$ (606,800)	\$ (483,594)	\$ (340,460)	\$ (219,560)	\$ (202,160)	\$ (920,765)
Acquired below market leases	1,038,591	488,081	465,719	410,612	356,202	1,200,879
Net increase in rental income	\$ 431,791	\$ 4,487	\$ 125,259	\$ 191,052	\$ 154,042	\$ 280,114
Acquired above market ground lease	\$ (65,232)	\$ (65,232)	\$ (65,232)	\$ (65,232)	\$ (65,232)	\$ (456,578)
Acquired below market ground lease	323,138	323,138	323,138	323,138	323,138	4,457,370
Net increase in ground rent	\$ 257,906	\$ 257,906	\$ 257,906	\$ 257,906	\$ 257,906	\$ 4,000,792
Acquired in-place leases	\$ 2,012,536	\$ 1,359,860	\$ 1,158,978	\$ 948,055	\$ 773,060	\$ 4,783,274
Acquired tenant relationship value	1,516,416	1,416,914	1,293,056	1,102,476	653,316	2,504,759
Acquired leasehold intangibles	215,186	215,186	215,186	215,186	215,186	5,100,989
Amortization expense	\$ 3,744,138	\$ 2,991,960	\$ 2,667,220	\$ 2,265,717	\$ 1,641,562	\$ 12,389,022

The intangible assets and liabilities are expected to have no residual value.

4. Ground and Facility Leases

The Company's interest in the ground and facility leases of all its subsidiaries (the "Facilities") consists of fee interests in the buildings under non-cancelable ground leases for the land on which the Facilities are located, except for Boylston, DFW FEE, Greensmor, New Orleans 7 and Phil FE for which the Company has title to the land. These ground and facility leases, some of which

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contain renewal options, expire at various dates up to December 31, 2055. All ground and facility leases are subject to future increases based on predetermined amounts set forth in the underlying ground lease, increases based on the Consumer Price Index, discretionary increases based on market rates, and increases based on appraised values of the underlying land. For the year ended June 30, 2009, the Company paid \$23,043,992 in ground and facility rent.

The Company had approximately 176,000 square feet (unaudited) of land to build a second building at Austin. The option to develop this land expired on May 20, 2009. The costs relating to previous development activities on the expired land option amounted to \$158,538 and were expensed on the statement of operations as a component of other expense.

Future minimum rent commitments relating to the ground and facility leases as of June 30, 2009 are as follows:

2010	\$ 22,691,076
2011	22,765,411
2012	22,989,073
2013	23,267,266
2014	23,555,121
Thereafter	<u>446,032,113</u>
Total minimum ground and facility rent	<u>\$ 561,300,060</u>

5. Fair Value Measurement

Effective July 1, 2008, the Company adopted FASB Statement No. 157, *Fair Value Measurements* ("FAS 157"). This statement provides a definition of fair value which focuses on an exit price rather than an entry price, establishes a framework for measuring fair value which emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and requires expanded disclosures about fair value measurements. In accordance with FAS 157, the Company may use valuation techniques consistent with the market, income, or cost approach to measure fair value. The adoption of FAS 157 did not have a material impact on the Company's financial position or results of operations on the effective date.

To increase consistency and comparability in fair value measurements and related disclosures, the Company utilizes the fair value hierarchy required by FAS 157 which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 - Quoted prices in active markets for identical securities.

Level 2 - Valuations determined using inputs that are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date.

Level 3 - Valuations determined using significant unobservable inputs. Unobservable inputs reflect the Company's own assumptions about the factors market participants would use in pricing an investment, and would be based on the best information available in the circumstances.

The nonrecurring valuation of the income producing property disclosed in Note 3 was based on an external appraisal that consider standard appraisal methodologies including discounted cash flow analyses and comparable sales information. The company obtained an external valuation as of

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June 30, 2009. Although the valuation process is designed to estimate fair market value, the appraisal process involves subject judgment. Uncertainties in the appraisal process, along with uncertainties in the current economic environment, may cause the recorded value of real estate to differ significantly from that which would have been obtained if the real estate were actually offered for sale in the marketplace. As the valuation was determined using significant unobservable inputs, management considered the valuation of the income producing property to be Level 3.

The valuation of the Forward Delivery Agreements are determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each instrument. This analysis reflects the contractual terms of the agreements, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. In adjusting the fair value of the forward delivery agreements, purchase and resale agreements and interest rate swaps for the effect of nonperformance risk, we have considered the impact of netting and any applicable credit enhancements. To comply with the provisions of SFAS 157, we incorporated credit valuation adjustments ("CVA") to appropriately reflect both our own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. As not all inputs obtained related to our CVAs are observable, the Forward Delivery Agreements are considered to be Level 3 of the fair value hierarchy.

The following table sets forth our financial assets and liabilities that are accounted for at fair value on a recurring basis as of June 30, 2009:

Description	Fair value measurements at June 30, 2009 using:			
	June 30, 2009	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Assets:				
Forward Delivery Agreements	\$ 1,226,724	—	—	\$ 1,226,724
Liabilities:				
Forward Delivery Agreements	\$ 2,924,530	—	—	\$ 2,924,530
Purchase and Resale Agreement	\$ 2,479,851	—	—	\$ 2,479,851
Interest rate swaps	\$ 2,185,721	—	—	\$ 2,185,721

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The following table presents a reconciliation of our assets classified as Level 3 at June 30, 2009:

	Fair value measurements using significant unobservable inputs (Level 3) Forward Delivery Agreements
Balance, July 1, 2008	\$ 2,223,297
Total unrealized loss:	
Unrealized loss on change in fair value of derivatives	(996,573)
Balance, June 30, 2009	<u>\$ 1,226,724</u>

The following table presents a reconciliation of our liabilities classified as Level 3 at June 30, 2009:

	Fair Value measurements using significant unobservable inputs (Level 3)			
	Forward Delivery Agreements	Purchase and Resale Agreements	Interest Rate Swaps	Total Derivative Liabilities
Balance, July 1, 2008	\$ 4,924,691	\$ 4,229,777	\$ (6,378,236)	\$ 2,776,232
Total unrealized gains/(losses):				
Unrealized loss (gain) on change in fair value of derivatives	(2,000,161)	(1,749,926)	8,563,957	4,813,870
Balance, June 30, 2009	<u>\$ 2,924,530</u>	<u>\$ 2,479,851</u>	<u>\$ 2,185,721</u>	<u>\$ 7,590,102</u>

6. Derivative Instruments

Forward Delivery Agreements and Purchase and Resale Agreements

The Company has entered into or assumed in connection with the acquisition of properties, various total return swaps (forward delivery agreements and purchase and resale agreements) to hedge against fluctuations in investment returns received on certain restricted cash and cash equivalent accounts. As required under certain bond agreements, cash is deposited into a restricted account held with a Trustee as defined hereinafter, which is subsequently invested in short-term, highly liquid securities. Certain derivative instruments held by JFK, Louisville, Miami I, Miami II, and Newark provide for an exchange of fixed initial payments totaling \$3,244,717 in the aggregate, which was paid to the previous owner, for future interest and investment income. Other derivative instruments provide the Company a fixed rate of interest ranging from 5.51% to 6.5% on the principal balance of all securities invested. In exchange, the counterparty receives the investment return from the underlying securities. The Company has not elected to qualify these derivatives for hedge accounting.

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A summary of the forward delivery agreements assets is as follows:

Entity	Contract	Agreement Maturity Date	Fair Value at June 30, 2009 Asset	Unrealized Gain / (Loss) for the year ended June 30, 2009
Austin	Forward delivery agreement	January 11, 2025	\$ 5,367	\$ (25,201)
Harrisburg	Forward delivery agreement	July 1, 2023	58,823	15,754
Miami I	Forward delivery agreement	October 15, 2009	53,302	(7,774,358)
Miami II	Forward delivery agreement	October 15, 2025	33,467	94,326
Newark	Forward delivery agreement	January 1, 2019	34,456	(1,928,467)
Other ^(a)	Forward delivery agreement	(B)	965,487	37,109
Philadelphia	Forward delivery agreement	July 1, 2023	75,822	20,307

^(a) Comprised of certain properties in the Obligated Group (DFW, Houston Central, Kansas City, Milwaukee, New Orleans, Norfolk, Phila, Pensacola and Syracuse).

^(b) The forward delivery agreements have maturity dates between January 1, 2019 and January 1, 2032

A summary of the forward delivery agreements and purchase and resale agreements liabilities is as follows:

Entity	Contract	Agreement Maturity Date	Fair Value at June 30, 2009 Liability	Unrealized Gain for the year ended June 30, 2009
JFK	Forward delivery agreement	July 1, 2028	2,871,720	1,706,704
Louisville	Forward delivery agreement	March 1, 2019	52,810	293,457
JFK	Purchase and resale agreement	July 1, 2028	2,479,851	1,749,926

Interest Rate Swaps

Miami I

Upon acquisition of the property, Miami I assumed an interest rate swap which hedges against anticipated fluctuations in the interest expense related to the variable interest rate on the Series 1999A Tax-Exempt Bonds. The financial institutions will pay Miami I, a variable rate of interest based on the SIFMA index. Miami I will make interest payments at a fixed rate of 5.4275%. The agreement has a contractual notional amount equal to the original debt amortization schedule and was not modified by the change in debt service on the Miami I revenue bonds. The notional amount of the swap was \$74,000,000 at June 30, 2009. The interest rate swap matures October 15, 2025. The Company has not elected to qualify this derivative for hedge accounting. This agreement has a fair value of a derivative liability of \$1,081,695 at June 30, 2009. The unrealized loss related to the change in fair value during the year ended June 30, 2009 was \$6,126,717 and is reflected in the statement of operations as a component of other income / (expense).

Newark

Upon acquisition of the property, Newark assumed an interest rate swap which hedges against anticipated fluctuations in the interest expense related to the variable interest rate on the Bonds.

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Ambac Financial will pay Newark a variable rate of interest based on the SIFMA index. Newark will make interest payments at a fixed rate of 5.65%. The notional amount of the swap was \$42,400,000 at June 30, 2009. The interest rate swap matures on January 1, 2019. The Company has not elected to qualify this derivative for hedge accounting. This agreement has a fair value of a derivative liability of \$1,104,026 at June 30, 2009. The unrealized loss related to the change in fair value during the year ended June 30, 2009 was \$2,437,240 and is reflected in the statement of operations as a component of other income.

7. Mortgage Notes Payable

Norfolk

Norfolk is obligated under a mortgage and a promissory note payable to the Lutheran Brotherhood (the "Lutheran Note") that was assumed upon acquisition of the property on July 27, 2000. The outstanding principal balance at June 30, 2009 is \$1,540,030. The Lutheran Note bears interest at 9% payable in equal monthly installments of interest and principal in the amount of \$33,303 per month with a final payment due on March 1, 2014, which shall include the remaining principal and any outstanding interest.

Based on borrowing rates available to the Company at June 30, 2009 with similar terms and maturities, the fair value of the mortgage note payable was \$1,618,696.

Commencing on March 1, 2004, the Lutheran Note, subject to a 5% prepayment penalty, may be prepaid, in whole or in part, upon 60 days notice to the lender. The prepayment penalty decreases each March 1 by 50 basis points with a minimum fee of 1%. The prepayment penalty currently is 2.5%. The Lutheran Note is secured by all of Norfolk's interest in the ground lease, buildings, improvements, furniture, fixtures, machinery and personal property.

The future minimum principal payments related to the mortgage notes payable are summarized as follows:

2010	\$ 272,076
2011	297,598
2012	325,515
2013	356,050
2014	288,791
	<u>\$ 1,540,030</u>

8. Revenue and Bank Bonds Payable

The CAC subsidiary companies are subject to revenue bonds payable that were originally issued by various airport authorities, cities and municipalities for the purpose of funding the construction of on-airport industrial development or refinancing existing industrial on-airport properties. Certain of the revenue bonds have restrictive covenants whereby rent charged to tenants is deposited directly to a bond trustee (the "Trustee") to pay property operating costs, pay ground rent and service interest and principal on the bonds. In certain cases, excess operating cash is held in a surplus fund until certain covenants are met, at which time the excess cash can be released to the Company. Additionally, many of the bonds require deposits into reserve accounts for debt service payments, operating and maintenance costs, and capital improvements and are presented as a component of restricted cash and cash equivalents on the consolidated statement of financial

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position. Certain of the bonds can be redeemed by the Company prior to their maturity during designated periods, some of which would result in prepayment penalties. The following table describes each of the revenue and bank bonds (collectively referred to as the "Bonds"):

Revenue and Bank Bonds Payable:

Property	Description	Original issue	June 30, 2009 balance	June 30, 2009 fair value	Interest rate	Maturity date	Payment required
Philadelphia and							
Harrisburg	Term Bonds-Tax Exempt	\$ 13,710,000	\$ 13,710,000	\$ 10,522,624	Fixed 5.50%	1-Jan-24	(b)
Austin	Term Bonds-Tax Exempt	1,045,000	270,000	232,680	Fixed 6.75%	1-Jan-11	(a)
Austin	Term Bonds-Tax Exempt	3,805,000	3,805,000	3,279,060	Fixed 7.25%	1-Jan-25	(c)
Houston East	Term Bonds-Tax Exempt	10,670,000	6,000,000	6,000,000	Variable 0.50%	1-Dec-33	(d)
Houston East (aa)	Term Bonds-Tax Exempt	2,750,000	2,750,000	2,907,110	Fixed 10.00%	1-Dec-33	(g)
JFK (r)	2001A-Tax Exempt	10,000,000	10,000,000	9,141,189	Fixed 6.00%	1-Jul-15	(e)
JFK (r)	2001A-Tax Exempt	43,745,000	43,745,000	35,922,673	Fixed 6.00%	1-Jul-27	(e)
JFK (r)	2001A-Tax Exempt	98,930,000	98,930,000	71,062,655	Fixed 5.50%	1-Jul-28	(f)
Louisville	Term Bonds-Tax Exempt	11,785,000	11,785,000	10,606,016	Fixed 5.50%	1-Mar-19	(a)
Miami FX	Revenue Bonds-Tax Exempt	25,185,000	23,025,000	23,025,000	Variable 0.50%	1-Aug-34	(h), (i)
Miami FX (aa)	Revenue Bonds-Unsecured Tax Exempt	2,080,000	2,080,000	2,445,810	Fixed 9.25%	1-Aug-34	(g)
Miami I (p), (&)	Series 1999A-Tax Exempt	81,000,000	66,600,000	67,778,598	Variable 11.00%	15-Oct-13	(j)
Miami II (q), (&)	Series 1999-Tax Exempt	1,595,000	325,000	452,815	Fixed 5.10%	15-Oct-09	(a)
Miami II (q), (&)	Series 1999-Tax Exempt	7,280,000	7,280,000	10,143,065	Fixed 6.00%	15-Oct-19	(a)
Miami II (q), (&)	Series 1999-Tax Exempt	8,350,000	8,350,000	11,633,872	Fixed 6.00%	15-Oct-25	(a)
Nashville	Revenue Bonds-Tax Exempt	5,430,000	5,155,000	5,129,700	Variable 0.41%	1-Jul-36	(#), (k)
Nashville (bb)	Revenue Bonds-Unsecured Tax Exempt	1,085,000	1,065,000	968,424	Fixed 8.00%	1-Jul-36	(a)
Newark (s), (&)	Revenue Bonds - Tax Exempt	59,700,000	42,400,000	36,096,558	Variable 5.25%	1-Jan-16	(l)
O'Hare	Series 2002 Revenue Bonds- Tax Exempt	47,000,000	23,700,000	23,700,000	Variable 0.70%	1-Mar-37	(m)
O'Hare Express	Series 1997 Revenue Bonds- Tax Exempt	55,000,000	39,300,000	39,300,000	Variable 0.50%	1-Sep-32	(n)
DFW II (aa)	2008A Tax Exempt	4,400,000	4,400,000	4,786,186	Fixed 10.00%	1-Jan-25	(@)
Houston East II (aa)	2008 Tax Exempt	23,350,000	23,350,000	25,879,344	Fixed 10.00%	1-Jan-38	(@)
Portland ME (aa)	Anticipation Note - Tax Exempt	2,155,000	2,155,000	2,155,000	Variable 5.21%	18-Jul-09	(z)
Orlando II (aa)	Anticipation Note - Tax Exempt	7,820,000	7,820,000	5,600,048	Variable 5.21%	20-Sep-36	(z)
Obligated Group (o)							
DFW	2002 Series Senior Revenue Bonds- Tax Exempt	5,420,000	5,360,000	4,273,070	Fixed 6.50%	1-Jan-24	(a)
Houston Central	2002 Series Senior Revenue Bonds- Tax Exempt	16,190,000	16,145,000	13,717,569	Fixed 6.38%	1-Jan-23	(a)
Kansas City	2002 Series Senior Revenue Bonds- Tax Exempt	3,295,000	3,230,000	2,522,641	Fixed 6.25%	1-Jan-30	(a)
Milwaukee	2002 Series Senior Revenue Bonds- Tax Exempt	8,595,000	8,275,000	7,100,879	Fixed 6.50%	1-Jan-25	(a)
Milwaukee	2002 Series Junior Bonds - Tax Exempt	4,280,000	3,495,000	3,063,575	Fixed 7.50%	1-Jan-25	(a)
New Orleans	2002 Series Senior Revenue Bonds- Tax Exempt	5,380,000	2,935,000	2,475,911	Fixed 6.65%	1-Jan-25	(a)
Norfolk	2002 Series Senior Revenue Bonds- Tax Exempt	4,570,000	4,510,000	3,458,213	Fixed 6.25%	1-Jan-30	(a)
Pensacola	2002 Series Senior Revenue Bonds- Tax Exempt	1,050,000	1,010,000	885,015	Fixed 6.25%	1-Jan-19	(a)
Phila	2002 Series Junior Bonds - Tax Exempt	10,290,000	10,290,000	8,992,054	Fixed 7.50%	1-Jan-25	(t)
Phila (aa)	2002 Series B Bonds- Tax Exempt	4,500,000	4,170,000	4,450,137	Fixed 10.00%	1-Jan-25	(a)
Syracuse	2002 Series Senior Revenue Bonds- Tax Exempt	13,975,000	13,920,000	10,396,780	Fixed 6.13%	1-Jan-32	(a)
Syracuse	2002 Series Junior Bonds - Tax Exempt	6,005,000	6,005,000	4,993,113	Fixed 7.25%	1-Jan-32	(u)
Ft. Myers	2003 Series Senior Revenue Bonds- Tax Exempt	2,355,000	2,355,000	1,602,198	Fixed 5.75%	1-Jan-32	(v)
Lauderdale	2003 Series Senior Revenue Bonds- Tax Exempt	18,885,000	18,885,000	13,305,028	Fixed 5.75%	1-Jan-32	(u)
Oklahoma	2003 Series Senior Revenue Bonds- Tax Exempt	1,430,000	1,430,000	1,048,087	Fixed 5.75%	1-Jan-23	(w)
Oklahoma	2003 Series Junior Bonds - Tax Exempt	3,410,000	3,410,000	2,820,547	Fixed 6.75%	1-Jan-23	(x)
Orlando	2003 Series Junior Bonds - Tax Exempt	7,395,000	7,395,000	5,600,048	Fixed 6.75%	1-Jan-32	(y)
Portland	2003 Series Senior Revenue Bonds - Taxable	6,960,000	5,640,000	5,567,504	Fixed 7.13%	1-Jan-16	(a)
Total revenue bond principal outstanding			\$ 566,460,000				
Unamortized fair value adjustments to revenue bonds payable				(14,054,657)			
Carrying amount of bonds payable				\$ 552,405,343			

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- (a) Interest semiannually and principal annually
- (b) Interest semiannually to July 2009, principal and interest thereafter
- (c) Interest semiannually to July 2011, principal and interest thereafter
- (d) Interest monthly, monthly installments of \$7,800 and all excess cash flows into sinking fund. Principal payment made when sinking fund is close to but not exceeding 10% of the outstanding balance.
- (e) Interest semiannually and principal annually
- (f) Interest semiannually to June 2015, principal annually and interest semiannually thereafter
- (g) Interest semiannually, principal payable at maturity
- (h) Interest monthly, monthly installments of \$46,100 and all excess cash flows into sinking fund. Principal payment made when sinking fund is close to but not exceeding 10% of the outstanding balance.
- (i) The adjustable rate bonds are secured by an irrevocable direct-pay letter of credit provided by JPMorgan Chase Bank, N.A. The current letter of credit comes up for renewal on August 15, 2011.
- (j) Interest and principal semiannually. The bank rate is provided by the Bank and is subject to an adjustment from time to time as determined by the Bank's New York branch
- (k) The adjustable rate bonds are secured by an irrevocable direct-pay letter of credit provided by JPMorgan Chase Bank, N.A. The current letter of credit comes up for renewal on July 15, 2011.
- (l) Interest monthly, principal semi-annually.
- (m) Interest monthly. At June 30, 2009, \$481 of the original O'Hare Bond proceeds (including interest) remains in a project fund to be used to develop the remaining undeveloped land. Principal payable at maturity. On January 12, 2009 \$23,300,000 worth of bonds were redeemed using funds from the project fund at the request of the issuer.
- (n) Interest monthly. At June 30, 2009, \$1,581,416 of the original O'Hare Express Bond proceeds (including interest) remains in a project fund to be used for future development. Principal payable at maturity.
- (o) Twice a year (January 1 and July 1) in accordance with the Master Indenture, the Manager requests the funds in the surplus fund. In order for the funds to be released the Obligated Group must maintain a Debt Service Coverage Ratio in excess of 1.2 for all the Obligated Bonds and a Debt Service Coverage Ratio in Excess of 1.4 for all the Obligated Senior Bonds. At June 30, 2009 the Obligated Group's Debt Service Coverage ratio for all the Obligated Bonds was 1.55 and for the Obligated Senior Bonds it was 2.08. The Obligated Bonds are secured by the restricted cash accounts maintained by the Master trustee. Except for Norfolk, the Obligated Bonds relating to each of the Obligated Facilities are secured by a pledge of gross revenues and all are subject to a mortgage except certain Houston Central buildings.
- (p) Twice a year (April 15 and October 15) in accordance with the Miami I Indenture, Miami I requests the funds in the surplus fund less one month's interest and principal on the Miami I Bonds. In order for the funds to be released i) no event of default shall have occurred; ii) the amounts in the debt service reserve and major maintenance and operating reserves must equal or exceed what is required per the Indenture; iii) the Miami I Trustee has no actual knowledge of (1) any breach of representations and warranties made by Miami I in relation to the loan agreement and (2) that Miami I is in default; (iv) the Miami I Trustee has no actual knowledge of insolvency of Miami I, and (v) all amounts due and owing to the liquid facility provider have been paid. Miami I also has to maintain a ratio of net revenues (revenues actually received during the preceding 6 months) to debt service of at least 1.25%. The ratio at March 31, 2009 was 0.29%.
- (q) Twice a year (April 15 and October 15) in accordance with the Miami II Indenture, Miami II requests the funds in the surplus fund less one month's interest and principal on the Miami II Bonds. In order for the funds to be released i) no event of default shall have occurred; ii) the amounts in the debt service reserve and major maintenance and operating reserves must equal or exceed what is required per the Indenture; iii) the Miami II Trustee has no actual knowledge of (1) any breach of representations and warranties made by Miami II in relation to the loan agreement and (2) that Miami II is in default; (iv) the Miami II Trustee has no actual knowledge of insolvency of Miami II. Miami II also has to maintain a ratio of net revenues (revenues actually received during the preceding 6 months) to debt service of at least 1.25%. The ratio at March 31, 2009 was 1.54%.
- (r) Once a year on July 1 in accordance with the JFK Indenture, JFK requests the funds in the surplus fund. In order for the funds to be released, JFK is required to have a current and 12 month projected debt service coverage ratio in excess of 1.0. At June 30, 2009, the ratios were 1.03 and 1.18 (unaudited), respectively.
- (s) On January 1, April 1, July 1 and October 1 in accordance with the Newark Indenture, Newark requests the funds in the surplus fund. In order for the funds to be released Newark is required to have a ratio of net revenues to debt service (the "rate covenant") equal to at least 1.25%. A rate covenant of less than 1.25% is not considered an event of default under the Newark Indenture or Loan Agreement, however it prohibits the members from receiving distributions from the surplus fund until the rate covenant has been satisfied for a period of six consecutive months or an independent certified public accountant certifies that the payments received from a new sublease agreement will be sufficient to meet the rate covenant. At June 30, 2009, the Company is not in compliance.
- (t) Interest semiannually with annual principal payments commencing January 2013
- (u) Interest semiannually with annual principal payments commencing January 2020
- (v) Interest semiannually with annual principal payments commencing January 2026
- (w) Interest semiannually with annual principal payments commencing January 2022
- (x) Interest semiannually with annual principal payments commencing January 2019
- (y) Interest semiannually with annual principal payments commencing January 2027
- (z) Interest quarterly and principal at maturity. Interest rate is 3 month LIBOR + 4%
- (@) Interest quarterly and principal at maturity.
- (#) Interest monthly, monthly installments of \$6500 and all excess cash flows into sinking fund. Principal payment made when sinking fund is close to but not exceeding 10% of the outstanding balance.
- (&) Miami I, Miami II and Newark, as part of a cross-collateral agreement, have agreed to restrict distributions of their excess cash flows unless the combined results of the Aero Newark, LLC, Aero Miami I, LLC, and Aero Miami II, LLC (companies under common control), comply with certain financial requirements as noted above. As of June 30, 2009 Newark, Miami I and Miami II are not in compliance with these requirements.
- (aa) CalEast Industrial Investors, LLC, an indirect member of CAC, holds all outstanding revenue bonds.
- (bb) CalEast Industrial Investors, LLC and AeroTerm IV, LLC, indirect members of CAC, holds 97% and 3% of the revenue bonds, respectively.

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The future minimum principal obligations for revenue bonds payable are as follows:

2010	\$ 32,036,943
2011	27,866,943
2012	27,780,843
2013	29,147,143
2014	22,902,143
Thereafter	<u>426,725,985</u>
Total principal repayment	566,460,000
Unamortized fair value adjustment to revenue bonds payable	(14,054,657)
Revenue bonds payable	<u>\$ 552,405,343</u>

Miami I

On October 9, 2008, the outstanding Miami I bonds were tendered and were not successfully remarketed. Pursuant to the Standby Bond Purchase Agreement (the "Miami Agreement"), if the bonds were not able to be remarketed, the Miami I bond's trustee will draw on a liquidity facility provided by Bayerische Landesbank ("Bayerische") set-up for the Miami I bonds in order to purchase the outstanding Miami I Bonds and the Miami I Bonds will become known as Miami I bank bonds. Miami I bank bonds are eligible bonds purchased with funds provided by a bank, in this case Bayerische. Pursuant to the Miami I Agreement, the use of the Miami I bond's liquidity facility accelerates the required principal repayments on the outstanding bonds. During October, 2008, the Miami I bond's trustee drew on the Miami I bond's liquidity facility for \$74,013,800 representing \$74,000,000 of capital and \$13,800 of accrued interest. These bank bonds have a revised maturity date of October 15, 2013.

Pursuant to the Miami I Bond Indenture, Miami I is required to maintain an \$8,100,000 non-taxable debt service reserve and a \$1,000,000 major maintenance and operating reserve. The annual non-taxable debt service reserve is defined as being equal to one-half of the maximum annual debt service requirement in respect of the Miami I Series 1999A Tax-Exempt Bonds, but in no event shall such debt service reserve requirement exceed 125% of the average annual payments of debt service requirement with respect to such bonds. On January 30, 2009 the major maintenance and operating reserve at Miami I was fully depleted in order to fund the Miami I debt service fund. On April 15, 2009, the Miami I debt service fund was fully depleted and Miami I drew on its debt service reserve fund in the amount of \$5,069,493 to make the April 15, 2009 accelerated debt service payment. The balance of the Miami I debt service reserve is \$3,544,319 at June 30, 2009.

The next estimated debt service payment is \$12,980,109 and is due on October 15, 2009. Miami I will not have sufficient funds in the reserve accounts at that time. Pursuant to the Miami I Municipal Bond Insurance Policy, Ambac Assurance Company ("Ambac"), the Miami I's bond insurer, will be required to cover any and all deficiencies on the Miami I bank bond's. Once Ambac holds at least 51% of the outstanding Miami I bank bonds, they will have the ability to make all amounts immediately due and payable. As the building has been pledged as collateral under the Miami I Trust indenture, Ambac will have the right to take possession of and foreclose on Miami I's sole property. Based on the fair value of the property relative to the outstanding Miami I bank bonds, management does not intend to make up debt service short falls and plans to surrender the Miami I property upon Ambac exercising their right to take possession and foreclose on the Miami I property.

Cargo Acquisition Company, LLC

Notes to Consolidated Financial Statements

June 30, 2009

Newark

On September 18, 2008, the outstanding Newark bonds were tendered and were not successfully remarketed. Pursuant to the Newark Standby Bond Purchase Agreement (the "Newark Agreement"), if the bonds were not able to be remarketed, the Newark Bond's trustee will draw on the Newark bond's liquidity facility provided by a bank, in this case KBC Bank, N.V. in order purchase the outstanding Newark bonds and the Newark bonds then became Newark bank bonds. Pursuant to the Newark Agreement, the use of the Newark bond's liquidity facility accelerates the required principal repayments on the outstanding Newark bank bonds. On September 25, 2008, the Newark bond's trustee drew on the Newark bond's liquidity facility for a total of \$45,194,201 representing \$45,000,000 of principal and \$194,201 of accrued interest outstanding to repay the Newark bondholders. The most significant difference between the terms of the Newark bonds that were outstanding and the Newark bank bonds is that Newark is now liable to the KBC for principal and interest payments on an accelerated schedule and the final maturity date changed from January 1, 2019 to January 1, 2016. In addition, the interest rate went from 5.65%, pursuant to an interest rate swap the company entered into on the Newark bonds, to the greater of 2% plus i) the Prime Rate or ii) the Fed Funds rate plus 0.50% under the terms of the bank bonds which was 5.25% as of June 30, 2009. The bank bonds have a revised maturity date of January 1, 2016.

On July 1, 2009, Newark made its first of 14 accelerated principal payments to the bank for \$3.1 million. In making the July 1, 2009 payment, Newark depleted the Newark operating and Newark debt service funds that are required under the terms of the Newark Bond Indenture. The Company expects to deplete the Newark debt reserve service fund in connection with the next Newark debt service payment of \$3.4 million on January 1, 2010 and Newark will not have sufficient funds in the Newark reserve accounts at that time for the full payment. Management does not intend to replenish the Newark maintenance reserve, Newark operating reserve or Newark debt service reserve funds. Consequently the Company will be in default of the Newark Trust Indenture. Furthermore, Newark is in default as of July 1, 2009 pursuant to Section 7.2 (a) of the Newark debt service forward sale agreement as Newark failed to make the required deposit in July, August and September.

Pursuant to the Newark Municipal Bond Insurance Policy, Ambac, Newark's Revenue Bond insurer will be required to cover any and all deficiencies on the Newark Bank Bonds. Once Ambac holds at least 51% of the outstanding Newark bank bonds, they will have the ability to make all amounts immediately due and payable. As the building has been pledged as collateral under the Newark Bond Indenture, Ambac will have the right to take possession of and foreclose on Newark's sole property. Based on the fair value of the property relative to the outstanding Newark bank bonds, management intends to surrender the Newark property upon Ambac exercising their right to take possession and foreclose on the Newark property.

Cargo Acquisition Company, LLC
Notes to Consolidated Financial Statements
June 30, 2009

9. Rental Income

The tenant leases require fixed minimum monthly payments over the terms of the leases. Future minimum rentals on the noncancelable operating tenant leases (exclusive of tenant recovery income) at June 30, 2009 approximate the following:

2010	\$ 72,260,490
2011	67,035,461
2012	63,740,794
2013	59,634,012
2014	44,299,426
Thereafter	<u>357,482,289</u>
Total minimum rent	<u>\$ 664,452,472</u>

The Facilities total approximately 11,966,000 square feet (unaudited) of rentable space and are in aggregate leased to approximately 150 unique tenants, including all-cargo carriers, passenger carriers providing cargo lifts in their passenger aircraft, freight forwarders, ground service and handling companies and a variety of specialty firms whose business needs require an on-airport location. Revenues derived from Federal Express Corporation make up 13.0% of total revenues. There are no other tenants that comprise more than 10% of total revenues.

10. Related Party Transactions

The Company has entered into a management agreement with Aeroterm US, Inc. (the "Manager"), a related party of an indirect member of CAC to serve as the property and development manager and to provide brokerage, financial and acquisition services for the Company. The management agreement requires the following compensation to the Manager:

Management Fees	3% to 5% of gross monthly collections.
Leasing Fees	3.5% of net monthly rent for any new leases or lease expansions, 2.5% of net monthly rent during years 1 through 3 of a lease renewal or extension period and 1% of net monthly rent during years 4 through 10. Should an outside broker be used, the leasing fees paid to the Manager shall be up to 50% of the above fees.
Acquisition Fees	2% on the first \$5,000,000 of the gross purchase price and 1% thereafter. Should an outside broker be used, the Manager's commission will be the greater of 50% of the outside broker's commission or 50% of the acquisition fee that the manager would have earned.
Financing Fees	0.5% of the gross loan amount.
Development Fees	4% of the project cost.

Cargo Acquisition Company, LLC

Notes to Consolidated Financial Statements

June 30, 2009

Construction Management Fees 5% of construction hard costs incurred between \$10,000 and \$250,000 and 3% on amounts incurred in excess of \$250,000. In no event shall the fees exceed \$35,000.

Total fees incurred during the year were \$7,032,710, which are included in property management and operating expenses in the accompanying consolidated statement of operations or have been capitalized to income-producing properties in the accompanying consolidated statement of financial position. The approximate fees earned for the various services are disclosed in the following table:

Property management	\$	3,687,049
Leasing		3,208,961
Construction and development		136,700
	\$	<u>7,032,710</u>

Included in accounts payable are amounts totaling \$327,969 payable to the Manager.

At June 30, 2009, CAC has an unsecured related party note in the amount of \$17,650,000 payable to CalEast Industrial Investors LLC, an affiliate of CalEast. The related party note bears interest at LIBOR + 1% (1.31938%) and matures on November 13, 2009 (subject to a one-year extension option). All of the CalEast Industrial Investors, LLC, investments serve as collateral under the loan, including its investment in CAC. During the year ended June 30, 2009, \$621,141 of interest was expensed related to the note, of which \$22,244 is included in accounts payable at June 30, 2009.

As disclosed in Note 8, affiliates of CAC are the holders of certain revenue bonds. Included in interest expense is \$3,170,751 of interest that was paid or payable to CalEast Air Cargo Investors, LLC and AeroTerm IV, LLC, indirect members of CAC, related to these revenue bonds. At June 30, 2009, \$721,877 of this amount is included in accounts payable and accrued expenses.

CalEast Industrial Investors, LLC, an indirect member of CAC paid legal fees amounting to \$61,912 on behalf of the company.

California Public Employees Retirement System ("CalPERS"), an indirect member of CAC, acquires and pays for property and casualty insurance covering its portfolio of properties. It then allocates and is reimbursed by each of its investments for the coverage. Total payments to CalPERS for reimbursement of property and casualty insurance premiums for the year ended June 30, 2009 was \$1,023,296.

The Miami FX, Houston East and Nashville bonds are secured by a letter of credit. CalEast Global Logistics LLC, an indirect member of CAC, has guaranteed that letter of credit.

11. Subsequent Events

On July 1, 2009, Newark was required to pay the first of 14 accelerated principal payments to KBC for \$3,100,000. As the funds on hand were insufficient, Newark depleted its revenue fund, its operating reserve fund and its debt service fund. Additionally, it drew on its debt service reserve fund in the amount of \$2,071,576. Subsequent to the payment the balance in the debt service reserve fund is \$1,740,797. Newark expects to deplete the remaining balance on January 1, 2010. Management does not intend to replenish the Maintenance Reserve Operating Reserve or Debt Service Reserve Funds. Consequently Newark will be in default as per section 8.01 (c) of the Trust Indenture. Furthermore, the Company is in default as of July 1, 2009 pursuant to Section 7.2 (a) of

Cargo Acquisition Company, LLC
Notes to Consolidated Financial Statements
June 30, 2009

the Debt Service Forward Sale Agreement as the Company failed to make the required deposit in July, August and September.

On July 18, 2009, the \$2,155,000 Portland ME anticipation note was repaid in full.

The Company has performed an evaluation of subsequent events through September 23, 2009, the date the financial statements were issued, and determined there were no other subsequent events that required disclosure.

Cargo Acquisition Company, LLC
Consolidated Financial Statements
June 30, 2010

Cargo Acquisition Company, LLC

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June 30, 2010

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Report of Independent Auditors

To the Member of
Cargo Acquisition Company, LLC:

In our opinion, the accompanying consolidated statement of financial position and the related consolidated statements of operations, of changes in member's equity and of cash flows present fairly, in all material respects, the financial position of Cargo Acquisition Company, LLC and its subsidiaries (the "Company") at June 30, 2010, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

September 28, 2010

Cargo Acquisition Company, LLC
Consolidated Statement of Financial Position
June 30, 2010

Assets

Income-producing properties, net	\$ 743,559,675
Construction-in-progress	524
Cash	6,294,150
Restricted cash and cash equivalents	64,162,992
Accounts receivable (net of allowance of \$1,592,752)	7,533,142
Notes receivable	2,962,485
Deferred rental receivables (net of allowance of \$103,579)	14,136,328
Deferred financing costs (net of accumulated amortization of \$500,616)	2,796,583
Prepaid expenses	1,931,104
Deposits	2,336,652
Forward delivery agreement assets	812,142
Total assets	<u>\$ 846,525,777</u>

Liabilities and Member's Equity

Revenue and bank bonds payable (net of fair value adjustment of \$13,238,885)	\$ 536,577,711
Mortgage notes payable	1,267,954
Above market ground lease (net of accumulated amortization of \$459,523)	717,506
Below market leases (net of accumulated amortization of \$2,555,948)	2,921,493
Purchase and resale agreement	1,272,831
Forward delivery agreement liabilities	1,816,166
Deferred rental liabilities	17,718,523
Accounts payable and accrued expenses	6,397,898
Accrued real estate taxes payable	7,569,313
Accrued interest payable	15,675,410
Rents received in advance	2,459,329
Tenants' security deposits	1,230,526
Payable to Austin Bond Acquisition Company	100,000
Payable to CalEast Air Cargo, LLC	682,917
Total liabilities	<u>596,407,577</u>
Member's equity	<u>250,118,200</u>
Total member's equity	<u>250,118,200</u>
Total liabilities and member's equity	<u>\$ 846,525,777</u>

The accompanying notes are an integral part of the consolidated financial statements.

Cargo Acquisition Company, LLC
Consolidated Statement of Operations
Year Ended June 30, 2010

Revenues	
Rental	\$ 78,940,821
Tenant recovery income	31,217,109
Other income	<u>319,749</u>
Total revenues	<u>110,477,679</u>
Expenses	
Ground and facility rent	27,624,630
Operating	10,351,112
Property management	3,862,838
Real estate taxes and insurance	7,016,874
General and administrative	2,300,839
Depreciation and amortization	40,637,182
Impairment loss	<u>8,992,525</u>
Total expenses	<u>100,786,000</u>
Other income / (expense)	
Interest income	1,893,895
Interest expense	(46,182,210)
Loss on sale of unimproved land	(1,007,524)
Unrealized gain on change in fair value of derivatives	<u>4,086,523</u>
Total other income / (expense)	<u>(41,209,316)</u>
Net loss	<u>\$ (31,517,637)</u>

The accompanying notes are an integral part of the consolidated financial statements.

Cargo Acquisition Company, LLC
Consolidated Statement of Changes in Member's Equity
Year Ended June 30, 2010

Member's equity, June 30, 2009	\$ 264,674,933
Contributions	27,073,742
Distributions	(10,112,838)
Net loss	<u>(31,517,637)</u>
Member's equity, June 30, 2010	<u>\$ 250,118,200</u>

The accompanying notes are an integral part of the consolidated financial statements.

Cargo Acquisition Company, LLC

Consolidated Statement of Cash Flows

Year Ended June 30, 2010

Cash flows from operating activities	
Net loss	\$ (31,517,637)
Adjustments to reconcile net loss to net cash provided by operating activities	
Depreciation and amortization	40,637,182
Amortization of above market leases	660,081
Amortization of above market ground lease	(65,232)
Amortization of below market leases	(1,038,591)
Amortization of below market ground lease	322,962
Bad debt expense	288,205
Straight-line rental income	(3,173,016)
Straight-line ground rent	2,889,117
Unrealized gain on change in fair value of derivatives	(4,086,523)
Amortization of fair value adjustment to revenue bonds payable	815,771
Amortization of deferred financing costs	346,545
Impairment loss	8,992,525
Loss on disposal of assets	1,007,524
Changes in operating assets and liabilities	
Accounts receivable	2,022,439
Prepaid expenses	(2,687,530)
Accounts payable and accrued expenses	2,112,250
Rents received in advance	(228,531)
Tenant security deposits	(412,344)
Net cash provided by operating activities	<u>16,885,197</u>
Cash flows from investing activities	
Decrease in restricted cash and investment	13,015,262
Additions to income producing properties	(9,487,133)
Net cash provided by investing activities	<u>3,528,129</u>
Cash flows from financing activities	
Advance from CalEast Air Cargo, LLC	682,917
Advance from Austin Bond Acquisition Company	100,000
Repayment of revenue bonds payable	(16,643,403)
Repayment of mortgage notes payable	(272,076)
Repayment of related party note payable	(17,650,000)
Deferred financing costs	(10,576)
Contributions	27,073,742
Distributions	(10,112,838)
Net cash used in financing activities	<u>(16,832,234)</u>
Net increase in cash and cash equivalents	3,581,092
Cash and cash equivalents	
Beginning of year	2,713,058
End of year	<u>\$ 6,294,150</u>
Supplemental disclosure of cash flow information	
Interest paid, net of interest capitalized	\$ 36,713,135
Taxes paid	\$ 249,579
Non-cash investing activities	
Allocation to income producing properties from construction in progress	\$ 9,551,376
Accruals related to income producing properties	\$ (4,421,731)
Non-cash financing activity	
Sale of undeveloped land in exchange for note receivable issued	\$ 2,922,000

The accompanying notes are an integral part of the consolidated financial statements.

Cargo Acquisition Company, LLC

Notes to Consolidated Financial Statements

June 30, 2010

1. Organization

Cargo Acquisition Company, LLC ("CAC" or the "Company") was formed on February 16, 2000 as a Delaware limited liability company. On April 28, 2005, Greenfield Cargo Associates, LLC and AeroTerm, LLC sold their interests in CAC to CalEast Air Cargo, LLC ("CalEast"). The Company is 100% wholly owned by CalEast. CAC was formed for the purpose of (a) acquiring, owning, developing, constructing, financing, marketing, and selling air cargo facilities, and (b) leasing, improving, operating and managing these properties. CAC will terminate upon expiration of its legal term on December 31, 2050, unless terminated at an earlier date under specific conditions as noted in the operating agreement or extended by the unanimous approval of its indirect members.

Capital and additional contributions will be made from time to time as required to acquire additional properties or to pay obligations or expenses. CalEast's liability is limited to the amount of capital contributed, their share of any assets and undistributed income of the Company and obligations expressly provided for in the operating agreement.

Cargo Acquisition Company, LLC
Notes to Consolidated Financial Statements
June 30, 2010

The accompanying consolidated financial statements include the accounts of the following subsidiaries:

Name of Entity	Location	Date of Formation	State of Formation
Aero Anchorage, LLC ("Anchorage")	Anchorage, AK	03/05/07	Delaware
Aero Austin, LP ("Austin")	Austin, TX	05/01/98	Delaware
Aero Boylston, LLC ("Boylston")	Worcester, MA	02/12/03	Massachusetts
Aero DFW, LP ("DFW") (a)	Dallas, TX	08/31/01	Delaware
Aero DFW II, LP ("DFW II")	Dallas, TX	07/14/06	Delaware
Aero DFW III, LP ("DFW III")	Dallas, TX	10/23/06	Delaware
Aero DFW FEE, LP ("DFW FEE")	Dallas, TX	07/14/06	Delaware
Aero Fort Myers, LLC ("Ft. Myers") (a)	Fort Myers, FL	11/13/01	Florida
Aero Greensmor, LP ("Greensmor")	Houston, TX	08/31/01	Delaware
Aero Harrisburg, LLC ("Harrisburg")	Harrisburg, PA	05/01/98	Delaware
Aero Houston Central, LP ("Houston Central") (a)	Houston, TX	09/25/01	Delaware
Aero Houston East, LP ("Houston East")	Houston, TX	08/30/01	Delaware
Aero Houston East II, LP ("Houston East II")	Houston, TX	07/14/06	Delaware
Aero JFK, LLC ("JFK")	New York, NY	02/19/04	Delaware
Aero Kansas City, LLC ("Kansas City") (a)	Kansas City, MO	08/08/00	Missouri
Aero Lauderdale, LLC ("Lauderdale") (a)	Fort Lauderdale, FL	05/13/02	Florida
Aero Louisville, LLC ("Louisville")	Louisville, KY	02/19/04	Delaware
Aero LAX, LLC ("LAX") (1)	Los Angeles, CA	06/04/07	Delaware
Aero Miami FX, LLC ("Miami FX")	Miami, FL	07/15/03	Delaware
Aero Miami I, LLC ("Miami I")	Miami, FL	02/19/04	Delaware
Aero Miami II, LLC ("Miami II")	Miami, FL	02/19/04	Delaware
Aero Miami III, LLC ("Miami III") (2)	Miami, FL	02/22/07	Delaware
Aero Milwaukee, LLC ("Milwaukee") (a)	Milwaukee, WI	04/13/98	Delaware
Aero Nashville, LLC ("Nashville")	Nashville, TN	03/14/05	Delaware
Aero Newark, LLC ("Newark")	Newark, NJ	02/19/04	Delaware
Aero New Orleans, LLC ("New Orleans") (a)	New Orleans, LA	08/30/01	Delaware
Aero New Orleans 7 Property ("New Orleans 7")	New Orleans, LA	10/01/01	Delaware
Aero Norfolk, LLC ("Norfolk") (a)	Norfolk, VA	07/19/00	Virginia
Aero O'Hare, LLC ("O'Hare")	Chicago, IL	03/05/07	Delaware
Aero O'Hare Express, LLC ("O'Hare Express")	Chicago, IL	03/05/07	Delaware
Aero Oklahoma, LLC ("Oklahoma") (a)	Oklahoma, OK	11/12/02	Delaware
Aero Orlando, LLC ("Orlando") (a)	Orlando, FL	01/08/02	Florida
Aero Orlando II, LLC ("Orlando II")	Orlando, FL	03/07/06	Delaware
Aero Pensacola, LLC ("Pensacola") (a)	Pensacola, FL	08/31/01	Delaware
Aero Phila, LP ("Phila") (a)	Philadelphia, PA	08/31/01	Delaware
Aero Philadelphia, LLC ("Philadelphia")	Philadelphia, PA	12/14/00	Delaware
Aero Phil FE, LP ("Phil FE")	Philadelphia, PA	02/12/03	Delaware
Aero Portland, LLC ("Portland") (a)	Portland, OR	04/13/98	Oregon
Aero Portland II, LLC ("Portland II")	Portland, OR	06/07/06	Delaware
Aero Portland ME, LLC ("Portland ME")	Portland, ME	01/04/06	Delaware
Aero Rickenbacker, LLC ("Rickenbacker")	Columbus, OH	08/29/05	Delaware
Aero St. Louis, LLC ("St. Louis")	St. Louis, MO	11/19/09	Delaware
Aero South Bend, LLC ("South Bend")	South Bend, IN	02/28/06	Delaware
Aero Syracuse, LLC ("Syracuse") (a)	Syracuse, NY	06/02/00	New York

(a) Part of the "Obligated Group"

(1) Aero LAX, LLC was dissolved on April 28, 2010

(2) Aero Miami III was sold to a related party on June 30, 2010

Cargo Acquisition Company, LLC

Notes to Consolidated Financial Statements

June 30, 2010

2. Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include all accounts of the CAC wholly-owned entities. All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Accounting

These consolidated financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("GAAP").

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results can differ from those estimates.

Restricted Cash and Cash Equivalents

Included in the accompanying consolidated statement of financial position is cash and cash equivalents held in escrow as required by the loan agreements described in Note 8 for debt service payments and various reserves. The Company is required to deposit revenues into funds maintained by designated trustees of the Bonds (hereinafter defined). Use of these funds is governed by the terms of the Bond agreements as disclosed in Note 8. Interest income earned on funds held in escrow is reported as a component of other income on the consolidated statement of operations.

Additionally, the Company maintains cash primarily in deposits with commercial banks. At times, cash balances at a limited number of banks and financial institutions may exceed federally insured amounts. Management believes that credit risk is mitigated by depositing cash or investing through major financial institutions. Management does not believe this represents a material risk of loss with respect to its financial position.

Notes Receivable

Notes are recorded as receivables at fair value when the agreement is signed by both parties. Related interest income is recognized as it is earned. An allowance for uncollectible notes is based on an evaluation of the collectability of the principal and interest.

Income-Producing Properties

The income-producing properties are carried at cost. Upon acquisition of a property, the Company allocates the purchase price of the property based upon the relative fair value of the assets acquired and liabilities assumed, which generally consist of buildings, tenant improvements, leasing commissions and intangible assets including in-place leases, above market and below market leases (including ground leases), tenant relationships and leasehold intangibles. The Company allocates the purchase price to the fair value of the tangible assets of an acquired property by valuing the property as if it were vacant. Acquired above and below market leases (including ground leases) are valued based on the present value of the difference between prevailing market rates and the in-place rates over the remaining lease term.

The purchase price is further allocated to in-place lease values and tenant relationships based on management's evaluation of the specific characteristics of each tenant's lease and the Company's overall relationship with the respective tenant. Acquired above and below market leases are amortized over the remaining non-cancelable terms of the respective leases as an adjustment to

Cargo Acquisition Company, LLC

Notes to Consolidated Financial Statements

June 30, 2010

rental income on the consolidated statement of operations. Acquired above and below market ground leases are amortized over the remaining non-cancelable term of the ground lease as an adjustment to ground rent expense on the Company's consolidated statement of operations. The value of in-place lease intangibles is amortized over the remaining lease term of the respective lease as adjustments to depreciation and amortization expense. Leasehold intangibles are amortized over their economic life, not to exceed their respective lease term. The value of tenant relationships is amortized over the remaining lease term and expected renewal periods of the respective lease as adjustments to depreciation and amortization expense. If a tenant terminates its lease early, the unamortized portion of the tenant improvements, leasing commissions, above and below market leases, the in-place lease value and tenant relationships are immediately written off.

The buildings are depreciated using the straight-line method over the shorter of the remaining useful life of the asset or the term of the underlying ground lease. Tenant improvements are amortized over the shorter of the remaining useful life of the assets or the life of the related lease plus renewal periods that are deemed to be reasonably assured at the date of acquisition. Leasing commissions and deferred leasing costs are amortized over the length of their respective lease agreements using the straight-line method.

Repairs and maintenance are charged to expense as incurred.

Construction-in-Progress

Construction in progress consists of properties currently under development. Direct and indirect construction costs are capitalized and included in construction in progress until the property or building is completed. During the construction period, property taxes and insurance associated with the property under construction are capitalized as development costs. In addition, interest is capitalized monthly based on the average construction balance multiplied by the Company's weighted average effective interest rate on debt outstanding during the month. Capitalized interest was \$615,183 during the year ended June 30, 2010. Interest and other costs incurred for such items after the property is substantially complete and ready for its intended use are charged to expense as incurred. Upon substantial completion of the project, all amounts capitalized are reclassified to income-producing properties.

Impairment of Long-Lived Assets

Long-lived assets and certain identifiable intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If further assessment of recoverability is needed, management compares the carrying amount of the asset or asset group to future net cash flows expected to be generated by the asset or asset group. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value of the assets exceeds the fair value of the assets. The measurement of impairment is a Level 3 valuation as described in Note 5.

Ground and Facility Rent Expense

Ground and facility rent expense is recognized on a straight-line basis over the term of the related lease. All ground and facility leases are accounted for as operating leases.

Deferred Financing Costs

Costs incurred in connection with obtaining financing are capitalized and amortized over the term of the related debt using the straight-line method.

Cargo Acquisition Company, LLC

Notes to Consolidated Financial Statements

June 30, 2010

Accounting for Derivatives and Hedging Activities

All derivatives are recognized on the consolidated statement of financial position at their fair value. On the date that a derivative contract is entered into or assumed, the Company decides whether it intends to meet the documentation requirements to qualify for hedge accounting. If a derivative qualifies for hedge accounting, changes in the fair value of the derivative that are effective are recorded in other comprehensive income. If a derivative does not qualify for hedge accounting, or if there is an ineffective portion of the hedge, changes in the fair value of the derivative are recorded in the consolidated statement of operations as a component of other income / (expense). The Company has not elected to qualify for hedge accounting; therefore, the change in fair value of the derivative instruments is recognized in the consolidated statement of operations as a component of other income / (expense). The Company does not hold or issue derivative financial instruments for trading purposes.

Revenue Recognition

Revenue from leasing activities, which generally consists of non-cancelable operating leases with terms of one year or more, is recognized on a straight-line basis over the lease term reflecting all rent abatements, known rental increases and recovery income derived from minimum ground rental payments due from tenants at single tenant facilities. Rental income earned on a straight-line basis was \$3,173,016 more than the cash rent due for the year ended June 30, 2010, and is included in the deferred rent receivables and rental income in the accompanying consolidated financial statements. Contractually due but unpaid rents are included in accounts receivable on the accompanying consolidated statement of financial position.

Tenant recovery income generally includes payments from tenants for their prorata share of real estate taxes, insurance, ground rent, property management and other property operating expenses and is recognized as revenue in the same period the related expenses are incurred by the Company.

The Company provides an allowance for doubtful accounts on accounts receivable and deferred rent receivables estimated to be uncollectible. The allowance for doubtful accounts at June 30, 2010 was \$1,696,300 of which \$1,592,751 relates to tenant accounts receivable with the remaining 103,579 relating to deferred rental receivables. The bad debt expense for the current year, which includes accounts written-off, is \$288,205 and is included as a component of operating expense on the consolidated statement of operations.

Deferred Leasing Commissions and Costs

Deferred leasing commissions and costs are capitalized and amortized over the terms of the related tenant leases.

Income and Other Taxes

No provision has been made for federal income taxes in the accompanying consolidated financial statements, since the Company is treated as partnership for federal income tax purposes and the members include the income or loss in their own income tax return.

The Company is subject to certain state and local taxes. The provision for such state and local taxes has been reflected in general and administrative expense in the consolidated statement of operations. The amount due from state and local authorities is \$287,806 and is included in accounts receivable on the consolidated statement of financial position.

Effective July 1, 2009, the Company adopted ASC 740, Accounting for Uncertain Tax Positions ("ASC 740"). ASC 740 clarifies the accounting for uncertainty in income taxes recognized in

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financial statements. The Company's self assessment has not resulted in any material accruals as no uncertain tax positions have been identified. As of June 30, 2010, the tax years that remain subject to examination by the major tax jurisdictions under the statute of limitations are from the year 2006 forward, with limited exceptions.

Fair Value Adjustment to Revenue Bonds Payable

The fair value adjustments made to the revenue bonds payable at the date of acquisition of the properties are amortized over the terms of the revenue bonds payable using the straight-line method. Amortization related to the discounts and premiums for the year ended June 30, 2010 was \$815,771 and is included as a component of interest expense on the consolidated statement of operations.

3. Income-Producing Properties

During the year, Management abandoned its plans to continue with its development of a certain parcel of vacant land at the O'Hare facility. As a result of this decision, management determined that an impairment had occurred at O'Hare and recorded a loss of \$8,757,736 on the balance of construction-in-progress, which included capitalized soft-costs in addition to the acquisition price, to reduce the value of the land to its estimated fair value, as further described in Note 5, of \$0.

During the year, one of the buildings at the Greensmore facility (2738 Greens Road) suffered the loss of its sole tenant. Management does not believe a replacement tenant can be found for this location and consequently, management determined that an impairment had occurred at this building in the Greensmore facility. Management recorded an impairment loss in the amount of \$234,788 since it does not believe the facility has any remaining value to it. No other properties were determined to be impaired.

Income-producing properties are comprised of the following:

	Cost	Accumulated Depreciation / Amortization	Net Book Value
Land	\$ 14,990,408	\$ -	\$ 14,990,408
Building and building improvements	860,245,583	(172,830,448)	687,415,135
Above market leases	4,278,634	(2,165,376)	2,113,258
Below market ground lease	7,293,140	(1,543,042)	5,750,098
In-place leases	15,735,393	(6,718,178)	9,017,215
Leasing commissions	16,947,433	(5,391,800)	11,555,633
Tenant relationship value	13,697,911	(6,985,947)	6,711,964
Leasehold intangibles	6,870,809	(909,076)	5,961,733
Deferred Lease Costs	48,881	(4,650)	44,231
	<u>\$ 940,108,192</u>	<u>\$ (196,548,517)</u>	<u>\$ 743,559,675</u>

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Acquired intangible liabilities, associated with acquired income-producing properties, are shown separately on the consolidated statement of financial position as follows:

	Cost	Accumulated Amortization	Net Book Value
Above market ground lease (liability)	\$ (1,177,029)	\$ 459,523	\$ (717,506)
Below market leases (liability)	\$ (5,477,441)	\$ 2,555,948	\$ (2,921,493)

Acquired lease intangibles are amortized on a straight-line basis over the life of the related leases except for the tenant relationship values that have been amortized over the life of the related lease plus expected renewal periods.

The Company incurred net amortization expense pertaining to acquired lease intangibles of \$3,887,928 for the year ended June 30, 2010. The Company will recognize amortization expense related to acquired lease intangibles over the next five years as follows:

	2011	2012	2013	2014	2015	Thereafter
Amortization of:						
Acquired above market leases	\$ (463,981)	\$ (326,028)	\$ (205,128)	\$ (197,358)	\$ (131,706)	\$ (789,057)
Acquired below market leases	488,081	465,720	410,612	356,202	334,607	866,271
Net increase in rental income	\$ 24,100	\$ 139,692	\$ 205,484	\$ 158,844	\$ 202,901	\$ 77,214
Acquired above market ground lease	\$ (65,232)	\$ (65,232)	\$ (65,232)	\$ (65,232)	\$ (65,232)	\$ (391,346)
Acquired below market ground lease	323,078	323,078	323,078	323,078	323,078	4,134,708
Net increase in ground rent	\$ 257,846	\$ 257,846	\$ 257,846	\$ 257,846	\$ 257,846	\$ 3,743,362
Acquired in-place leases	\$ 1,357,421	\$ 1,157,449	\$ 946,527	\$ 772,542	\$ 730,307	\$ 4,052,969
Acquired tenant relationship value	1,336,011	1,237,943	1,052,786	609,097	462,939	2,013,188
Acquired leasehold intangibles	215,186	215,186	215,186	215,186	215,186	4,885,803
Amortization expense	\$ 2,908,618	\$ 2,610,578	\$ 2,214,499	\$ 1,596,825	\$ 1,408,432	\$ 10,951,960

The intangible assets and liabilities are expected to have no residual value.

4. Ground and Facility Leases

The Company's interest in the ground and facility leases of all its subsidiaries (the "Facilities") consists of fee interests in the buildings under non-cancelable ground leases for the land on which the Facilities are located, except for Boylston, DFW FEE, Greensmor, New Orleans 7 and Phil FE, for which the Company has title to the land. These ground and facility leases, some of which contain renewal options, expire at various dates up to December 31, 2055. All ground and facility leases are subject to future increases based on predetermined amounts set forth in the underlying ground lease, increases or decreases based on the Consumer Price Index, discretionary increases based on market rates, and increases based on appraised values of the underlying land. For the year ended June 30, 2010, the Company paid \$23,216,246 in ground and facility rent.

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Future minimum rent commitments relating to the ground and facility leases as of June 30, 2010 are as follows:

2011	\$ 22,869,710
2012	23,100,736
2013	23,378,890
2014	23,644,497
2015	23,819,782
Thereafter	<u>422,014,957</u>
Total minimum ground and facility rent	<u>\$ 538,828,572</u>

5. Fair Value Measurement

The Company accounts for its fair value measurements in accordance with ASC 820, *Fair Value Measurements* ("ASC 820"). This statement provides a definition of fair value which focuses on an exit price rather than an entry price, establishes a framework for measuring fair value which emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and requires expanded disclosures about fair value measurements. In accordance with ASC 820, the Company may use valuation techniques consistent with the market, income or cost approach to measure fair value.

To increase consistency and comparability in fair value measurements and related disclosures, the Company utilizes the fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 - Quoted prices in active markets for identical securities.

Level 2 - Valuations determined using inputs that are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date.

Level 3 - Valuations determined using significant unobservable inputs. Unobservable inputs reflect the Company's own assumptions about the factors market participants would use in pricing an investment, and would be based on the best information available in the circumstances.

The valuation of the Forward Delivery Agreements and Purchase and Resale Agreements are determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each instrument. This analysis reflects the contractual terms of the agreements, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. In adjusting the fair value of the forward delivery agreements, purchase and resale agreements and interest rate swaps for the effect of nonperformance risk, we have considered the impact of netting and any applicable credit enhancements. To comply with the provisions of ASC 820, we incorporated credit valuation adjustments ("CVA") to appropriately reflect both our own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. As not all inputs obtained related to our CVAs are observable, the Forward Delivery Agreements and Purchase and Resale Agreements are considered to be Level 3 of the fair value hierarchy.

The nonrecurring valuation of real estate determined to be impaired is based on independent external appraisals which consider standard appraisal methodologies including discounted cash flow analysis and comparable sales information. The Company obtained external valuations as of June 30, 2010. Although the valuation process is designed to estimate fair market value, the

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appraisal process involves subjective judgment. Uncertainties in the appraisal process, along with uncertainties in the current economic environment, may cause the recorded value of such investments to differ significantly from that which would have been obtained if the investments were actually offered for sale in the marketplace.

The following table sets forth our financial assets and liabilities that are accounted for at fair value on a recurring and non-recurring basis as of June 30, 2010:

Fair value measurements on a recurring or nonrecurring basis as of June 30, 2010				
Description	June 30, 2010	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Assets:				
Forward Delivery Agreements	\$ 812,142	—	—	\$ 812,142
Investments in Real Estate ⁽¹⁾	\$ -	—	—	\$ -
Liabilities:				
Forward Delivery Agreements	\$ 1,816,166	—	—	\$ 1,816,166
Purchase and Resale Agreement	\$ 1,272,831	—	—	\$ 1,272,831
Interest Rate Swaps	\$ -	—	—	\$ -

⁽¹⁾ Represents certain real estate assets on a consolidated basis that are marked to their fair values at June 30, 2010, as a result of impairment losses as discussed in Note 2.

The following table presents a reconciliation of our assets classified as Level 3 at June 30, 2010:

	Fair value measurements using significant unobservable inputs (Level 3)
	Forward Delivery Agreements
Balance, July 1, 2009	\$ 1,226,724
Total unrealized loss:	
Unrealized loss on change in fair value of derivatives	(414,582)
Impairment Loss	-
Balance, June 30, 2010	\$ 812,142

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The following table presents a reconciliation of our liabilities classified as Level 3 at June 30, 2010:

	Fair Value measurements using significant unobservable inputs (Level 3)			
	Forward Delivery Agreements	Purchase and Resale Agreements	Interest Rate Swaps	Total Derivative Liabilities
Balance, July 1, 2009	\$ 2,924,530	\$ 2,479,851	\$ 2,185,721	\$ 7,590,102
Total unrealized gains/(losses):				
Unrealized loss (gain) on change in fair value of derivatives	(1,108,364)	(1,207,020)	(2,185,721)	(4,501,105)
Balance, June 30, 2010	\$ 1,816,166	\$ 1,272,831	-	\$ 3,088,997

6. Derivative Instruments

Forward Delivery Agreements and Purchase and Resale Agreements

The Company has entered into or assumed in connection with the acquisition of properties, various total return swaps (forward delivery agreements and purchase and resale agreements) to hedge against fluctuations in investment returns received on certain restricted cash and cash equivalent accounts. As required under certain bond agreements, cash is deposited into a restricted account held with a Trustee, as defined hereinafter, which is subsequently invested in short-term, highly liquid securities. Certain derivative instruments held by JFK, Louisville, Miami I, Miami II, and Newark provide for an exchange of fixed initial payments totaling \$3,244,717 in the aggregate, which was paid to the previous owner, for future interest and investment income. Other derivative instruments provide the Company a fixed rate of interest ranging from 5.51% to 6.5% on the principal balance of all securities invested. In exchange, the counterparty receives the investment return from the underlying securities. The Company has not elected to qualify these derivatives for hedge accounting.

The aforementioned Newark forward delivery agreements consist of three separate agreements: The first agreement provided for an exchange of a fixed initial payment amount of \$11,000, which was paid to the previous owner, for future interest and investment income on amounts required to be maintained in the debt service fund. Lehman Brothers was the counterparty to this agreement. The Trustee has not received any instructions from them to purchase securities since they entered bankruptcy in September 2008. The second agreement provided for an exchange of a fixed initial payment amount of \$170,000, which was paid to the previous owner, for future interest and investment income on amounts required to be maintained in the debt service fund. On May 4, 2010 this forward delivery agreements was terminated by JP Morgan. The Company incurred a termination fee in the amount of \$385,260, which is included on the consolidated statement of operations as part of general and administrative expense. The third agreement provided for an exchange of a fixed interest rate of return on investments of 5.51% on the funds required to be maintained in the debt service reserve fund in exchange for future variable returns on the investments. This agreement was terminated on January 1, 2010 when the Trustee withdrew the remaining funds from the debt service reserve fund.

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A summary of the forward delivery agreements assets is as follows:

Entity	Contract	Agreement Maturity Date	Number of Contracts Outstanding	Fair Value at June 30, 2010 Asset	Unrealized Gain / (Loss) for the year ended June 30, 2010
Austin	Forward delivery agreement	January 11, 2025	1	\$ 5,705	\$ 338
Harrisburg	Forward delivery agreement	July 1, 2023	1	35,982	(22,841)
Louisville	Forward delivery agreement	March 1, 2019	1	145,919	(51,876)
Miami I	Forward delivery agreement	Terminated	-	-	(53,302)
Miami II	Forward delivery agreement	October 15, 2025	2	69,064	(351,699)
New ark	Forward delivery agreement	Terminated	-	-	(34,456)
Other ^(a)	Forward delivery agreement	(B)	9	509,092	(456,395)
Philadelphia	Forward delivery agreement	July 1, 2023	1	46,380	(29,442)

^(a) Comprised of certain properties in the Obligated Group (DFW, Houston Central, Kansas City, Milwaukee, New Orleans, Norfolk, Phila, Pensacola and Syracuse).

^(b) The forward delivery agreements have maturity dates between January 1, 2019 and January 1, 2032

A summary of the forward delivery agreements and purchase and resale agreements liabilities is as follows:

Entity	Contract	Agreement Maturity Date	Number of Contracts Outstanding	Fair Value at June 30, 2010 Liability	Unrealized Gain / (Loss) for the year ended June 30, 2010
JFK	Forward delivery agreement	July 1, 2028	2	1,437,519	1,434,201
Louisville	Forward delivery agreement	March 1, 2019	1	155,531	95,074
Miami II	Forward delivery agreement	October 15, 2025	1	223,116	164,180
JFK	Purchase and resale agreement	July 1, 2028	1	1,272,831	1,207,020

Interest Rate Swaps

Miami I

Upon acquisition of the Miami I property, Miami I assumed an interest rate swap which hedges against anticipated fluctuations in the interest expense related to the variable interest rate on the Miami I Series 1999A Tax-Exempt Bonds. The financial institutions will pay Miami I a variable rate of interest based on the SIFMA index. Miami I will make interest payments at a fixed rate of 5.4275%. The agreement has a contractual notional amount equal to the original debt amortization schedule and was not modified by the change in debt service on the Miami I revenue bonds as described in Note 8. The notional amount of the swap was \$72,740,000 at June 30, 2010. The Miami I interest rate swap matures October 15, 2025. The Company has not elected to qualify this derivative for hedge accounting. This agreement has a fair value of \$0 at June 30, 2010. Miami I's obligation under the terms of the derivative extends through the date of the original Revenue Bonds amortization table and maturity. However, management determined that the credit valuation adjustment should reduce the fair value of the obligation to zero in light of the fact that Miami I lacks sufficient cash flow to make the required debt service payments or fund the bond's reserve accounts back to their requisite levels to cure the current event of default and as a result lacks sufficient cash-flow to make any of the swap payments. Miami I continues to accrue the amounts billed by the swap counterparty as they become due. The unrealized gain related to the change in fair value during the year ended June 30, 2010 was \$1,081,695 and is reflected in the statement of operations as a component of other income / (expense).

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Newark

Upon acquisition of the Newark property, Newark assumed an interest rate swap which hedges against anticipated fluctuations in the interest expense related to the variable interest rate on the Newark Bonds. Ambac Financial will pay Newark a variable rate of interest based on the SIFMA index. Newark will make interest payments at a fixed rate of 5.65%. The agreement has a contractual notional amount equal to the original debt amortization schedule and was not modified by the change in debt service on the Newark revenue bonds. The notional amount of the swap was \$39,600,000 at June 30, 2010. The interest rate swap matures on January 1, 2019. The Company has not elected to qualify this derivative for hedge accounting. This agreement has a fair value of \$0 at June 30, 2010. Newark's obligation under the terms of the derivative extends through the date of the original Revenue Bonds amortization table and maturity. However, management determined that the credit valuation adjustment should reduce the fair value of the obligation to zero in light of the fact that Newark lacks sufficient cash flow to make the required debt service payments or fund the bond's reserve accounts back to their requisite levels to cure the current event of default and as a result lacks sufficient cash-flow to make any of the swap. Newark continues to accrue the amounts billed by the Swap counterparty as they become due. The unrealized gain related to the change in fair value during the year ended June 30, 2010 was \$1,104,026 and is reflected in the statement of operations as a component of unrealized loss on change in fair value of derivatives.

7. Mortgage Notes Payable

Norfolk

Norfolk is obligated under a mortgage and a promissory note payable to the Lutheran Brotherhood (the "Lutheran Note") that was assumed upon acquisition of the property on July 27, 2000. The outstanding principal balance at June 30, 2010 is \$1,267,954. The Lutheran Note bears interest at 9% payable in equal monthly installments of interest and principal in the amount of \$33,303 per month with a final payment due on March 1, 2014, which shall include the remaining principal and any outstanding interest.

Based on borrowing rates available to the Company at June 30, 2010 with similar terms and maturities, the fair value of the mortgage note payable was \$1,371,290.

Commencing on March 1, 2004, the Lutheran Note, subject to a 5% prepayment penalty, may be prepaid, in whole or in part, upon 60 days notice to the lender. The prepayment penalty decreases each March 1 by 50 basis points with a minimum fee of 1%. The prepayment penalty currently is 2%. The Lutheran Note is secured by all of Norfolk's interest in the ground lease, buildings, improvements, furniture, fixtures, machinery and personal property.

The future minimum principal payments related to the mortgage notes payable are summarized as follows:

2011	\$ 297,598
2012	325,515
2013	356,050
2014	288,791
	<hr/>
	\$ 1,267,954

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8. Revenue and Bank Bonds Payable

The CAC subsidiary companies are subject to revenue bonds payable that were originally issued by various airport authorities, cities and municipalities for the purpose of funding the construction of on-airport industrial development or refinancing existing industrial on-airport properties. Certain of the revenue bonds have restrictive covenants whereby rent charged to tenants is deposited directly to a bond trustee (the "Trustee") to pay property operating costs, pay ground rent and service interest and principal on the bonds. In certain cases, excess operating cash is held in a surplus fund until certain covenants are met, at which time the excess cash can be released to the Company. Additionally, many of the bonds require deposits into reserve accounts for debt service payments, operating and maintenance costs, and capital improvements and are presented as a component of restricted cash and cash equivalents on the consolidated statement of financial position. Certain of the bonds can be redeemed by the Company prior to their maturity during designated periods, some of which would result in prepayment penalties. The following table describes each of the revenue and bank bonds (collectively referred to as the "Bonds"):

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Revenue and Bank Bonds Payable:

Property	Description	Original issue	June 30, 2010 balance	June 30, 2010 fair value	Interest rate	Maturity date	Payment required
Philadelphia and Harrisburg	Term Bonds-Tax Exempt	\$ 13,710,000	\$ 13,160,000	\$ 10,988,364	Fixed 5.50%	1-Jan-24	(b)
Austin	Term Bonds-Tax Exempt	1,045,000	140,000	90,313	Fixed 6.75%	1-Jan-11	(a)
Austin	Term Bonds-Tax Exempt	3,805,000	3,805,000	2,454,568	Fixed 7.25%	1-Jan-25	(c)
Houston East	Term Bonds-Tax Exempt	10,670,000	6,000,000	6,000,000	Variable 0.40%	1-Dec-33	(d)
Houston East (aa)	Term Bonds-Tax Exempt	2,750,000	2,750,000	3,836,786	Fixed 10.00%	1-Dec-33	(g)
JFK (r)	2001A-Tax Exempt	10,000,000	9,185,000	8,999,415	Fixed 6.00%	1-Jul-15	(e)
JFK (r)	2001A-Tax Exempt	43,745,000	42,015,000	39,119,761	Fixed 6.00%	1-Jul-27	(e)
JFK (r)	2001A-Tax Exempt	98,930,000	98,930,000	89,705,995	Fixed 5.50%	1-Jul-28	(f)
Louisville	Term Bonds-Tax Exempt	11,785,000	10,970,000	10,639,129	Fixed 5.50%	1-Mar-19	(a)
Miami FX	Revenue Bonds-Tax Exempt	25,185,000	23,025,000	23,025,000	Variable 0.40%	1-Aug-34	(h), (i)
Miami FX (aa)	Revenue Bonds-Unsecured Tax Exempt	2,080,000	2,080,000	2,671,929	Fixed 9.25%	1-Aug-34	(g)
Miami I (p), (&)	Series 1999A-Tax Exempt	81,000,000	65,306,754	57,727,543	Variable 12.00%	15-Oct-13	(j)
Miami II (q), (&)	Series 1999-Tax Exempt	7,280,000	6,110,000	7,636,869	Fixed 6.00%	15-Oct-19	(a)
Miami II (q), (&)	Series 1999-Tax Exempt	8,350,000	7,070,000	8,836,101	Fixed 6.00%	15-Oct-25	(a)
Nashville	Revenue Bonds-Tax Exempt	5,430,000	5,125,000	5,125,000	Variable 0.36%	1-Jul-36	(#), (k)
Nashville (bb)	Revenue Bonds-Unsecured Tax Exempt	1,085,000	1,085,000	1,168,365	Fixed 8.00%	1-Jul-36	(a)
Newark (s), (&)	Revenue Bonds - Tax Exempt	59,700,000	37,504,842	31,046,576	Variable 5.25%	1-Jan-16	(l)
O'Hare (aa)	Series 2002 Revenue Bonds- Tax Exempt	47,000,000	23,700,000	18,542,256	Fixed 5.00%	1-Mar-37	(m)
O'Hare Express	Series 1997 Revenue Bonds- Tax Exempt	55,000,000	39,300,000	39,300,000	Variable 0.35%	1-Sep-32	(n)
DFW II (aa)	2008A Tax Exempt	4,400,000	4,400,000	5,798,585	Fixed 10.00%	1-Jan-25	(@)
Houston East II (aa)	2008 Tax Exempt	23,350,000	23,350,000	33,506,788	Fixed 10.00%	1-Jan-38	(@)
Orlando II (aa)	Anticipation Note - Tax Exempt	7,820,000	7,820,000	7,820,000	Variable 4.25%	20-Sep-36	(z)
Obligated Group (o)							
DFW	2002 Series Senior Revenue Bonds- Tax Exempt	5,420,000	5,340,000	4,685,238	Fixed 6.50%	1-Jan-24	(a)
Houston Central	2002 Series Senior Revenue Bonds- Tax Exempt	16,190,000	16,130,000	15,911,749	Fixed 6.38%	1-Jan-23	(a)
Kansas City	2002 Series Senior Revenue Bonds- Tax Exempt	3,295,000	3,210,000	3,035,048	Fixed 6.25%	1-Jan-30	(a)
Milwaukee	2002 Series Senior Revenue Bonds- Tax Exempt	8,595,000	7,675,000	7,547,118	Fixed 6.50%	1-Jan-25	(a)
Milwaukee	2002 Series Junior Bonds - Tax Exempt	4,280,000	3,470,000	3,382,444	Fixed 7.50%	1-Jan-25	(a)
New Orleans	2002 Series Senior Revenue Bonds- Tax Exempt	5,380,000	2,685,000	2,660,960	Fixed 6.65%	1-Jan-25	(a)
Norfolk	2002 Series Senior Revenue Bonds- Tax Exempt	4,570,000	4,495,000	4,271,404	Fixed 6.25%	1-Jan-30	(a)
Pensacola	2002 Series Senior Revenue Bonds- Tax Exempt	1,050,000	990,000	973,286	Fixed 6.25%	1-Jan-19	(a)
Phila	2002 Series Junior Bonds - Tax Exempt	10,290,000	10,290,000	10,026,198	Fixed 7.50%	1-Jan-25	(t)
Phila (aa)	2002 Series B Bonds- Tax Exempt	4,500,000	4,080,000	4,644,854	Fixed 10.00%	1-Jan-25	(a)
Syracuse	2002 Series Senior Revenue Bonds- Tax Exempt	13,975,000	13,900,000	12,938,468	Fixed 6.13%	1-Jan-32	(a)
Syracuse	2002 Series Junior Bonds - Tax Exempt	6,005,000	6,005,000	5,638,837	Fixed 7.25%	1-Jan-32	(u)
Ft. Myers	2003 Series Senior Revenue Bonds- Tax Exempt	2,355,000	2,355,000	2,083,561	Fixed 5.75%	1-Jan-32	(v)
Lauderdale	2003 Series Senior Revenue Bonds- Tax Exempt	18,885,000	18,885,000	16,935,011	Fixed 5.75%	1-Jan-32	(u)
Oklahoma	2003 Series Senior Revenue Bonds- Tax Exempt	1,430,000	1,430,000	1,313,707	Fixed 5.75%	1-Jan-23	(w)
Oklahoma	2003 Series Junior Bonds - Tax Exempt	3,410,000	3,410,000	3,141,589	Fixed 6.75%	1-Jan-23	(x)
Orlando	2003 Series Junior Bonds - Tax Exempt	7,395,000	7,395,000	6,649,301	Fixed 6.75%	1-Jan-32	(y)
Portland	2003 Series Senior Revenue Bonds - Taxable	6,960,000	5,240,000	5,157,663	Fixed 7.13%	1-Jan-16	(a)
Total revenue bond principal outstanding			\$ 549,816,596				
Unamortized fair value adjustments to revenue bonds payable				(13,238,885)			
Carrying amount of bonds payable				\$ 536,577,711			

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- (a) Interest semiannually and principal annually
- (b) Interest semiannually and principal annually
- (c) Interest semiannually to July 2011, principal and interest thereafter
- (d) Interest monthly, monthly installments of \$7,800 and all excess cash flows into sinking fund.
- (e) Interest semiannually and principal annually
- (f) Interest semiannually to June 2015, principal annually and interest semiannually thereafter
- (g) Interest semiannually, principal payable at maturity
- (h) Interest monthly, monthly installments of \$46,100 and all excess cash flows into sinking fund.
- (i) The adjustable rate bonds are secured by an irrevocable direct-pay letter of credit provided by JPMorgan Chase Bank, N.A. The current letter of credit comes up for renewal on August 15, 2011.
- (j) Interest and principal semiannually. The bank rate is provided by the Bank and is subject to an adjustment from time to time as determined by the Bank's New York branch
- (k) The adjustable rate bonds are secured by an irrevocable direct-pay letter of credit provided by JPMorgan Chase Bank, N.A. The current letter of credit comes up for renewal on July 15, 2011.
- (l) Interest monthly, principal semi-annually.
- (m) Interest monthly. Principal payable at maturity. On December 17, 2009 the bonds converted from variable rate to fixed rate bonds
- (n) Interest monthly. Principal payable at maturity.
- (o) Twice a year (January 1 and July 1) in accordance with the Master Indenture, the Manager requests the funds in the surplus fund. In order for the funds to be released the Obligated Group must maintain a Debt Service Coverage Ratio in excess of 1.2 for all the Obligated Bonds and a Debt Service Coverage Ratio in Excess of 1.4 for all the Obligated Senior Bonds. At June 30, 2010 the Obligated Group's Debt Service Coverage ratio for all the Obligated Bonds was 1.42 and for the Obligated Senior Bonds it was 1.89. The Obligated Bonds are secured by the restricted cash accounts maintained by the Master trustee. Except for Norfolk, the Obligated Bonds relating to each of the Obligated Facilities are secured by a pledge of gross revenues and all are subject to a mortgage except certain Houston Central buildings.
- (p) Twice a year (April 15 and October 15) in accordance with the Miami I Indenture, Miami I requests the funds in the surplus fund less one month's interest and principal on the Miami I Bonds. In order for the funds to be released i) no event of default shall have occurred; (ii) the amounts in the debt service reserve and major maintenance and operating reserves must equal or exceed what is required per the Indenture; (iii) the Miami I Trustee has no actual knowledge of (1) any breach of representations and warranties made by Miami I in relation to the loan agreement and (2) that Miami I is in default; (iv) the Miami I Trustee has no actual knowledge of insolvency of Miami I, and (v) all amounts due and owing to the liquid facility provider have been paid. Miami I also has to maintain a ratio of net revenues (revenues actually received during the preceding 6 months) to debt service of at least 1.25%. The ratio at March 31, 2009 was 0.26%.
- (q) Twice a year (April 15 and October 15) in accordance with the Miami II Indenture, Miami II requests the funds in the surplus fund less one month's interest and principal on the Miami II Bonds. In order for the funds to be released i) no event of default shall have occurred; (ii) the amounts in the debt service reserve and major maintenance and operating reserves must equal or exceed what is required per the Indenture; (iii) the Miami II Trustee has no actual knowledge of (1) of any breach of representations and warranties made by Miami II in relation to the loan agreement and (2) that Miami II is in default; (iv) the Miami II Trustee has no actual knowledge of insolvency of Miami II. Miami II also has to maintain a ratio of net revenues (revenues actually received during the preceding 6 months) to debt service of at least 1.25%. The ratio at March 31, 2010 was 1.39%.
- (r) Once a year on July 1 in accordance with the JFK Indenture, JFK requests the funds in the surplus fund. In order for the funds to be released, JFK is required to have a current and 12 month projected debt service coverage ratio in excess of 1.0. At June 30, 2010, the ratios were 1.19 and 1.13 (unaudited), respectively.
- (s) On January 1, April 1, July 1 and October 1 in accordance with the Newark Indenture, Newark requests the funds in the surplus fund. In order for the funds to be released Newark is required to have a ratio of net revenues to debt service (the "rate covenant") equal to at least 1.25%. A rate covenant of less than 1.25% is not considered an event of default under the Newark Indenture or Loan Agreement, however it prohibits the members from receiving distributions from the surplus fund until the rate covenant has been satisfied for a period of six consecutive months or an independent certified public accountant certifies that the payments received from a new sublease agreement will be sufficient to meet the rate covenant. At June 30, 2010, the Company is not in compliance.
- (t) Interest semiannually with annual principal payments commencing January 2013
- (u) Interest semiannually with annual principal payments commencing January 2020
- (v) Interest semiannually with annual principal payments commencing January 2026
- (w) Interest semiannually with annual principal payments commencing January 2022
- (x) Interest semiannually with annual principal payments commencing January 2019
- (y) Interest semiannually with annual principal payments commencing January 2027
- (z) Interest quarterly and principal at maturity. Interest rate is 3 month LIBOR +4%
- (@) Interest quarterly and principal at maturity.
- (#) Interest monthly, monthly installments of \$6500 and all excess cash flows into sinking fund.
- (&) Miami I, Miami II and Newark, as part of a cross-collateral agreement, have agreed to restrict distributions of their excess cash flows unless the combined results of the Aero Newark, LLC, Aero Miami I, LLC, and Aero Miami II, LLC (companies under common control), comply with certain financial requirements as noted above. As of June 30, 2010 Newark, Miami I and Miami II are not in compliance with these requirements.
- (aa) CalEast Industrial Investors, LLC, an indirect member of CAC, holds all outstanding revenue bonds.
- (bb) CalEast Industrial Investors, LLC and AeroTerm IV, LLC, indirect members of CAC, holds 97% and 3% of the revenue bonds, respectively.

Cargo Acquisition Company, LLC
Notes to Consolidated Financial Statements
June 30, 2010

The future minimum principal obligations for revenue bonds payable are as follows:

2011	\$ 30,185,000
2012	31,225,000
2013	32,990,000
2014 ⁽¹⁾	39,256,596
2015	11,780,000
Thereafter	<u>404,380,000</u>
Total principal repayment	549,816,596
Unamortized fair value adjustment to revenue bonds payable	<u>(13,238,885)</u>
Revenue bonds payable	<u>\$ 536,577,711</u>

⁽¹⁾ Includes amounts payable to Ambac

Miami I

On October 9, 2008 the Revenue Bonds were tendered and were not successfully remarketed. Pursuant to the Miami I Standby Bond Purchase Agreement (the "Agreement"), if the bonds could not be remarketed, U.S. Bank as trustee (the "Miami I Trustee") was to draw on the liquidity facility provided by Bayerische (the "Bank") (the "Miami I Liquidity Facility") in order purchase the outstanding Revenue Bonds and the Miami I Revenue Bonds will become Miami I Bank Bonds. The Miami I Liquidity Facility provided by the Bank in order purchase the outstanding Miami I Revenue Bonds and the Miami I Revenue Bonds would then become the Miami I Bank Bonds. Pursuant to the Agreement, the use of the liquidity facility accelerates the required principal repayments on the outstanding Miami I Bonds. The most significant difference between the terms of the Miami I Revenue bonds that were outstanding and the Miami I bank bonds is that Miami I is now liable to the Bank for principal and interest payments on an accelerated schedule and the final maturity date changed from October 15, 2025 to October 15, 2013. In addition, the interest rate went from 5.7975% to 12% - subject to adjustment by the Bank.

Pursuant to the Indenture, the Company is required to maintain an \$8,100,000 non-taxable debt service reserve and a \$1,000,000 major maintenance and operating reserve. The annual non-taxable debt service reserve is defined as being equal to one-half of the maximum annual debt service requirement in respect of the Series 1999A Tax-Exempt Bonds, but in no event shall such debt service reserve requirement exceed 125% of the average annual payments of debt service requirement with respect to such bonds. On October 15, 2009 the Company drew on the debt service reserve fund in the amount of \$3,677,333, depleting the reserve. The major maintenance and operating reserve was depleted in the prior year.

The Miami I Bank Bonds are insured under a Municipal Bond Insurance Policy issued by Ambac Assurance Corporation (the "Ambac"). Under the policy, a holder of the Miami I Bank Bonds is entitled to receive the payment of principal of and interest on the Miami I Bank Bonds from the Ambac to the extent such payments are not received from the Trustee. Ambac will remit to such holder all or part of the interest payments next coming due upon proof of the holder's entitlement to such interest payments and delivery to United States Trust Company of New York, as insurance trustee for the Bond Insurer (the "Insurance Trustee"), in form satisfactory to the Insurance Trustee, of an appropriate assignment of such holder's right to payment. In addition, a holder of the Miami I

Cargo Acquisition Company, LLC

Notes to Consolidated Financial Statements

June 30, 2010

Bank Bonds is entitled to receive (i) full payment of principal from Ambac provided that such holder surrenders his or her Miami I Bank Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Miami I Bank Bonds to be registered in the name of the Bond Insurer) for payment to the Insurance Trustee, or (ii) partial payment of principal from the Bond Insurer provided that such holder surrenders his or her Bank Bonds for payment thereon first to the Miami I Trustee, who will note on such Miami I Bank Bonds the portion of principal paid by the Miami I Trustee, and to the Insurance Trustee an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, which will then be responsible for paying the unpaid portion of principal.

On October 15, 2009 and April 15, 2010 the Company was required to make principal payments in the amount of \$7,400,000. There were insufficient funds available at that time, and as such, the Company drew on the municipal bond insurance policy in the amount of \$13,506,754; these amounts remain payable to Ambac and are included in the Revenue and Bank Bond payable balance on the consolidated statement of financial position. While Ambac retains all the rights and characteristics of Bank Bond holder, they are fully subrogated to all of the bondholder's right to payment.

Pursuant to the Miami I Municipal Bond Insurance Policy, Ambac, Miami I's Revenue Bond insurer will be required to cover any and all deficiencies on the Miami I Bank Bonds. Ambac has the ability to make all amounts immediately due and payable. As the building has been pledged as collateral under the Miami I Bond Indenture, Ambac will have the right to take possession of and foreclose on Miami I's sole property. Based on the fair value of the property relative to the outstanding Miami I bank bonds, management intends to surrender the Miami I property upon Ambac exercising their right to take possession and foreclose on the Miami I property.

Newark

On September 18, 2008, the outstanding Newark bonds were tendered and were not successfully remarketed. Pursuant to the Newark Standby Bond Purchase Agreement (the "Newark Agreement"), if the bonds were not able to be remarketed, the Newark Bond's trustee will draw on the Newark bond's liquidity facility provided by a bank, in this case KBC Bank, N.V. ("KBC") in order purchase the outstanding Newark bonds and the Newark bonds then became Newark bank bonds. Pursuant to the Newark Agreement, the use of the Newark bond's liquidity facility accelerates the required principal repayments on the outstanding Newark bank bonds. On September 25, 2008, the Newark bond's trustee drew on the Newark bond's liquidity facility for a total of \$45,194,201 representing \$45,000,000 of principal and \$194,201 of accrued interest outstanding to repay the Newark bondholders. The most significant difference between the terms of the Newark bonds that were outstanding and the Newark bank bonds is that Newark is now liable to the KBC for principal and interest payments on an accelerated schedule and the final maturity date changed from January 1, 2019 to January 1, 2016. In addition, the interest rate went from 5.65%, pursuant to an interest rate swap the company entered into on the Newark bonds, to the greater of 2% plus i) the Prime Rate or ii) the Fed Funds rate plus 0.50% under the terms of the bank bonds which was 5.25% as of June 30, 2010.

The Newark Bank Bonds are insured under a Municipal Bond Insurance Policy issued by Ambac Assurance Corporation (the "Ambac"). Under the policy, a holder of the Newark Bank Bonds is entitled to receive the payment of principal of and interest on the Newark Bank Bonds from the Ambac to the extent such payments are not received from the Trustee. Ambac will remit to such holder all or part of the interest payments next coming due upon proof of the holder's entitlement to such interest payments and delivery to United States Trust Company of New York, as insurance

Cargo Acquisition Company, LLC

Notes to Consolidated Financial Statements

June 30, 2010

trustee for the Bond Insurer (the "Insurance Trustee"), in form satisfactory to the Insurance Trustee, of an appropriate assignment of such holder's right to payment. In addition, a holder of the Newark Bank Bonds is entitled to receive (i) full payment of principal from Ambac provided that such holder surrenders his or her Newark Bank Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Newark Bank Bonds to be registered in the name of the Bond Insurer) for payment to the Insurance Trustee, or (ii) partial payment of principal from the Bond Insurer provided that such holder surrenders his or her Bank Bonds for payment thereon first to the Newark Trustee, who will note on such Newark Bank Bonds the portion of principal paid by the Newark Trustee, and to the Insurance Trustee an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, which will then be responsible for paying the unpaid portion of principal

On January 1, 2010 the Company was required to make a principal payment in the amount of \$5,900,000. There were insufficient funds available at that time, and as such, the Company drew on the municipal bond insurance policy in the amount of \$4,140,843; these amounts remain payable to Ambac. While Ambac retains all the rights and characteristics of a bank bond holder, they are fully subrogated to all of the bondholder's right to payment.

Pursuant to the Newark Municipal Bond Insurance Policy, Ambac, Newark's Revenue Bond insurer will be required to cover any and all deficiencies on the Newark Bank Bonds. Ambac has the ability to make all amounts immediately due and payable. As the building has been pledged as collateral under the Newark Bond Indenture, Ambac will have the right to take possession of and foreclose on Newark's sole property. Based on the fair value of the property relative to the outstanding Newark bank bonds, management intends to surrender the Newark property upon Ambac exercising their right to take possession and foreclose on the Newark property.

Austin

Pursuant to the Austin Trust Indentures related to the outstanding Austin Revenue Bonds, the Partnership is required to maintain debt service reserves of \$434,021 as well as an operating reserve equal to 25% of the annual operating budget. The operating reserve was fully depleted in July 2009 in order to fund deficiencies in the facility revenue fund. On January 1, 2010, the Company drew on the debt service reserve fund in the amount of \$200,977 in order to effectuate the January 1, 2010 interest and principal payment. The balance in the debt service reserve fund is \$242,319 at June 30, 2010. As of June 30, 2010, Austin is in default on its outstanding revenue bonds.

9. Rental Income

The tenant leases require fixed minimum monthly payments over the terms of the leases. Future minimum rentals on the noncancelable operating tenant leases (exclusive of tenant recovery income) at June 30, 2010 approximate the following:

Cargo Acquisition Company, LLC
Notes to Consolidated Financial Statements
June 30, 2010

2011	\$ 69,082,381
2012	64,089,166
2013	60,277,836
2014	45,293,799
2015	36,877,477
Thereafter	<u>282,162,637</u>
Total minimum rent	<u>\$ 557,783,296</u>

The Facilities total approximately 11,966,000 square feet (unaudited) of rentable space and are in aggregate leased to approximately 174 unique tenants, including all-cargo carriers, passenger carriers providing cargo lifts in their passenger aircraft, freight forwarders, ground service and handling companies and a variety of specialty firms whose business needs require an on-airport location. Revenues derived from Federal Express Corporation make up 14.2% of total revenues. There are no other tenants that comprise more than 10% of total revenues.

10. Related Party Transactions

The Company has entered into a management agreement with Aeroterm US, Inc. (the "Manager"), a related party of an indirect member of CAC to serve as the property and development manager and to provide brokerage, financial and acquisition services for the Company. The management agreement requires the following compensation to the Manager:

Management Fees	3% to 5% of gross monthly collections.
Leasing Fees	3.5% of net monthly rent for any new leases or lease expansions, 2.5% of net monthly rent during years 1 through 3 of a lease renewal or extension period and 1% of net monthly rent during years 4 through 10. Should an outside broker be used, the leasing fees paid to the Manager shall be up to 50% of the above fees.
Acquisition Fees	2% on the first \$5,000,000 of the gross purchase price and 1% thereafter. Should an outside broker be used, the Manager's commission will be the greater of 50% of the outside broker's commission or 50% of the acquisition fee that the manager would have earned.
Financing Fees	0.5% of the gross loan amount.
Development Fees	4% of the project cost.
Construction Management Fees	5% of construction hard costs incurred between \$10,000 and \$250,000 and 3% on amounts incurred in excess of \$250,000. In no event shall the fees exceed \$35,000.

Total fees incurred during the year were \$4,653,965, which are included in property management and operating expenses in the accompanying consolidated statement of operations or have been capitalized to income-producing properties in the accompanying consolidated statement of financial position. The approximate fees earned for the various services are disclosed in the following table:

Cargo Acquisition Company, LLC

Notes to Consolidated Financial Statements

June 30, 2010

Property management	\$	3,862,838
Leasing		653,035
Construction and development		138,092
	\$	<u>4,653,965</u>

Included in accounts payable are amounts totaling \$455,363 payable to the Manager.

During the year CAC paid in full a related party note in the amount of \$17,650,000 that was payable to CalEast Industrial Investors LLC, an affiliate of CalEast. The related party note bears interest at LIBOR + 1%. During the year ended June 30, 2010, \$321,957 of interest was expensed related to the note.

As disclosed in Note 8, affiliates of CAC are the holders of certain revenue bonds. Included in interest expense is \$4,765,779 of interest that was paid or payable to CalEast Air Cargo Investors, LLC and AeroTerm IV, LLC, indirect members of CAC, related to these revenue bonds. At June 30, 2010, \$1,064,656 of this amount is included in accounts payable and accrued expenses.

California Public Employees Retirement System ("CalPERS"), an indirect member of CAC, acquires and pays for property and casualty insurance covering its portfolio of properties. It then allocates and is reimbursed by each of its investments for the coverage. Total payments to CalPERS for reimbursement of property and casualty insurance premiums for the year ended June 30, 2010 was \$1,297,828.

The Company has a \$100,000 payable to Austin Bond Acquisition Holding, LP at June 30, 2010 which is reflected on the statement of financial position. As part of an agreement that company has with certain holders of the Austin partnership's Revenue Bonds. Austin is holding these funds in Escrow on behalf of Austin Bond Acquisition Holding, LP. Austin Bond Acquisition Holding, LP is a related party of an indirect member of CAC.

The Company received a \$1,000,000 tenant improvement allowance from CalEast Air Cargo, LLC as part of its rent subsidiary agreement at O'Hare which terminated on June 30, 2010. The agreement stipulates upon full leasing of the premises (located at 893 Upper Express Drive, Chicago, Illinois) the Company shall promptly refund CalEast Air Cargo, LLC any unused portion of the tenant improvement allowance. At June 30, 2010, the unused portion was \$682,917 which is reflected on the statement of financial position.

The Miami FX, Houston East and Nashville bonds are secured by a letter of credit. CalEast Global Logistics LLC, an indirect member of CAC, has guaranteed that letter of credit.

Sale of Aero Miami III, LLC

On June 30, 2010 CAC Air Holdings II, LLC (a wholly-owned subsidiary of CAC) sold its entire interest in Aero Miami III, LLC to AeroTerm Miami III, LLC, a related party of an indirect member of CAC in exchange for a \$3,480,148 non-interest bearing note. The non-interest bearing note is repayable in installments equal to fifty percent of any distribution paid by AeroTerm Miami III until such time that the note receivable is paid in full.

Repayment of the note receivable is contingent on AeroTerm Miami III's ability to issue distributions. AeroTerm Miami III's sole asset is its 100% interest in Aero Miami III. Aero Miami III's objective is to construct an air-cargo facility at Miami International airport for an air-cargo carrier. However,

Cargo Acquisition Company, LLC

Notes to Consolidated Financial Statements

June 30, 2010

management believes that the project will be realized, and as a direct consequence, CAC will realize its note receivable.

The note receivable is estimated to be repaid in three years time. As the note is non-interest bearing, it was discounted at 6% (the Company's weighted average effective interest rate), yielding a discounted note receivable in the amount of \$2,922,000 which is reflected on the statement of financial position. This resulted in a realized loss of \$1,007,524, as the carrying value of the property was \$3,929,524 at the time of sale. Management will continue to monitor the progress of the development and continue to assess the receivable for impairment.

11. Commitments and Contingencies

In the ordinary course of business, there may be various claims or lawsuits brought by or against the Company. Management is not aware of any claims or lawsuits that could materially affect the financial position, results of operations or liquidity of the Company.

12. Subsequent Events

On July 1, 2010, Newark was required to make an accelerated principal payment of \$3,100,000. As there was insufficient cash on hand, the Trustee drew upon the Company's municipal bond insurance policy in the amount of \$3,021,162 to make the required payment on the Bank Bonds.

During July, 2010, CalEast Industrial Investors LLC acquired \$39,300,000 of the outstanding O'Hare South 1997 Revenue Bonds outstanding

On September 1, 2010 Louisville redeemed \$400,000 of the outstanding revenue bonds payable.

On September 22, 2010, \$3,805,000 of the remaining outstanding Austin bonds were sold to Austin Bond Acquisition Holding, LP, a related party of an indirect member of CAC.

During the period subsequent to year, management of the Company has put in place a plan to market and sell the Austin property. Management estimates that price, net of any costs to sell the property, to be greater than the carrying value of the income producing property as of June 30, 2010.

The Company has performed an evaluation of subsequent events through September 28, 2010, the date the financial statements were issued, and determined there were no other subsequent events that required disclosure.

Cargo Acquisition Company, LLC
Consolidated Financial Statements
June 30, 2011

Cargo Acquisition Company, LLC

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June 30, 2011

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Report of Independent Auditors

To the Member of
Cargo Acquisition Company, LLC:

In our opinion, the accompanying consolidated statement of financial position and the related consolidated statements of operations, of changes in member's equity and of cash flows present fairly, in all material respects, the financial position of Cargo Acquisition Company, LLC and its subsidiaries (the "Company") at June 30, 2011, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

October 5, 2011

Cargo Acquisition Company, LLC
Consolidated Statement of Financial Position
June 30, 2011

Assets

Income-producing properties, net	\$ 700,854,873
Construction-in-progress	794,043
Cash	5,719,021
Restricted cash and cash equivalents	62,978,381
Accounts receivable (net of allowance of \$2,758,671)	6,010,886
Notes receivable	3,179,449
Deferred rental receivables (net of allowance of \$41,017)	15,397,421
Deferred financing costs (net of accumulated amortization of \$176,650)	1,874,769
Prepaid expenses	1,369,258
Deposits	2,205,936
Forward delivery agreement assets	1,175,051
Total assets	<u>\$ 801,559,088</u>

Liabilities and Member's Equity

Revenue and bank bonds payable (net of fair value adjustment of \$7,498,414)	\$ 531,956,173
Mortgage note payable	970,356
Loan payable - Other	5,570,755
Above market ground lease (net of accumulated amortization of \$524,754)	652,275
Below market leases (net of accumulated amortization of \$3,000,856)	2,433,412
Purchase and resale agreement	1,822,373
Forward delivery agreement liabilities	2,334,832
Deferred rental liabilities	20,435,115
Accounts payable and accrued expenses	7,625,935
Accrued real estate taxes payable	2,946,971
Accrued interest payable	17,373,866
Rents received in advance	2,289,175
Tenants' security deposits	1,288,437
Payable to CalEast Air Cargo, LLC	675,888
Total liabilities	<u>598,375,563</u>
Member's equity	<u>203,183,525</u>
Total member's equity	<u>203,183,525</u>
Total liabilities and member's equity	<u>\$ 801,559,088</u>

The accompanying notes are an integral part of the consolidated financial statements.

Cargo Acquisition Company, LLC
Consolidated Statement of Operations
Year Ended June 30, 2011

Revenues	
Rental	\$ 75,220,437
Tenant recovery income	29,342,957
Other income	667,180
Recovery of bad debt	389,729
Total revenues	<u>105,620,303</u>
Expenses	
Ground and facility rent	27,440,379
Operating	12,287,771
Property management	3,784,909
Real estate taxes and insurance	5,075,141
General and administrative	1,799,617
Depreciation and amortization	40,090,114
Total expenses	<u>90,477,931</u>
Other income / (expense)	
Interest income	1,981,015
Interest expense	(44,997,470)
Loss on early retirement of debt	(7,204,796)
Unrealized loss on change in fair value of derivatives	(699,594)
Total other income / (expense)	<u>(50,920,845)</u>
Net loss from continuing operations	<u>(35,778,473)</u>
Discontinued operations	
Loss from operations of discontinued component	(27,779)
Gain on sale of Aero Austin, LP	582,988
Net income on discontinued operations	<u>555,209</u>
Net Loss	<u>\$ (35,223,264)</u>

The accompanying notes are an integral part of the consolidated financial statements.

Cargo Acquisition Company, LLC
Consolidated Statement of Changes in Member's Equity
Year Ended June 30, 2011

Member's equity, June 30, 2010	\$ 250,118,200
Contributions	3,673,967
Distributions	(15,385,378)
Net loss	<u>(35,223,264)</u>
Member's equity, June 30, 2011	<u>\$ 203,183,525</u>

The accompanying notes are an integral part of the consolidated financial statements.

Cargo Acquisition Company, LLC

Consolidated Statement of Cash Flows

Year Ended June 30, 2011

Cash flows from operating activities	
Net loss	\$ (35,223,264)
Adjustments to reconcile net loss to net cash provided by operating activities	
Depreciation and amortization	40,156,823
Amortization of above market leases	464,044
Amortization of above market ground lease	(65,231)
Amortization of below market leases	(488,081)
Amortization of below market ground lease	323,078
Bad debt expense	1,509,526
Straight-line rental income	(1,284,113)
Straight-line ground rent	2,716,592
Unrealized loss on change in fair value of derivatives	699,594
Amortization of fair value adjustment to revenue bonds payable	667,424
Amortization of deferred financing costs	179,269
Gain on disposal of assets	(582,988)
Loss on early retirement of debt	7,204,796
Interest accretion on non-interest bearing note	(238,035)
Changes in operating assets and liabilities	
Accounts receivable	33,801
Prepaid expenses	539,436
Deposits	130,716
Accounts payable and accrued expenses	3,747,201
Rents received in advance	(170,154)
Tenant security deposits	57,911
Net cash provided by operating activities	<u>20,378,345</u>
Cash flows from investing activities	
Proceeds from sale of Aero Austin, LP	10,000
Decrease in restricted cash and cash equivalents	891,856
Additions to income producing properties and construction in progress	(2,322,466)
Net cash used in investing activities	<u>(1,420,610)</u>
Cash flows from financing activities	
Payment to CalEast Air Cargo, LLC	(7,029)
Payment to Austin Bond Acquisition Company	(97,293)
Repayment of revenue bonds payable	(7,742,009)
Repayment of mortgage notes payable	(297,598)
Issuance of revenue bonds	32,630,000
Extinguishment of revenue bonds	(31,305,000)
Deferred financing costs	(1,002,524)
Contributions	3,673,967
Distributions	(15,385,378)
Net cash used in financing activities	<u>(19,532,864)</u>
Net decrease in cash and cash equivalents	(575,129)
Cash and cash equivalents	
Beginning of year	6,294,150
End of year	<u>\$ 5,719,021</u>
Supplemental disclosure of cash flow information	
Interest paid	\$ 34,934,117
Taxes paid (net of refunds received)	\$ 2,559
Non-cash investing activities	
Allocation to income producing properties from construction in progress	\$ 1,293,164
Accruals related to income producing properties and construction in progress	\$ 197,530

The accompanying notes are an integral part of the consolidated financial statements.

Cargo Acquisition Company, LLC

Notes to Consolidated Financial Statements

June 30, 2011

1. Organization

Cargo Acquisition Company, LLC ("CAC" or the "Company") was formed on February 16, 2000 as a Delaware limited liability company. On April 28, 2005, Greenfield Cargo Associates, LLC and AeroTerm, LLC sold their interests in CAC to CalEast Air Cargo, LLC ("CalEast"). The Company is 100% wholly owned by CalEast. CAC was formed for the purpose of (a) acquiring, owning, developing, constructing, financing, marketing, and selling air cargo facilities, and (b) leasing, improving, operating and managing these properties. CAC will terminate upon expiration of its legal term on December 31, 2050, unless terminated at an earlier date under specific conditions as noted in the operating agreement or extended by the unanimous approval of its indirect members.

Capital and additional contributions will be made from time to time as required to acquire additional properties or to pay obligations or expenses. CalEast's liability is limited to the amount of capital contributed, their share of any assets and undistributed income of the Company and obligations expressly provided for in the operating agreement.

Cargo Acquisition Company, LLC
Notes to Consolidated Financial Statements
June 30, 2011

The accompanying consolidated financial statements include the accounts of the following subsidiaries:

Name of Entity	Location	Date of Formation	State of Formation
Aero Anchorage, LLC ("Anchorage")	Anchorage, AK	03/05/07	Delaware
Aero Austin, LP ("Austin") ⁽¹⁾	Austin, TX	05/01/98	Delaware
Aero Boylston, LLC ("Boylston")	Worcester, MA	02/12/03	Massachusetts
Aero DFW, LP ("DFW") (a)	Dallas, TX	08/31/01	Delaware
Aero DFW II, LP ("DFW II")	Dallas, TX	07/14/06	Delaware
Aero DFW III, LP ("DFW III")	Dallas, TX	10/23/06	Delaware
Aero DFW FEE, LP ("DFW FEE")	Dallas, TX	07/14/06	Delaware
Aero Fort Myers, LLC ("Ft. Myers") (a)	Fort Myers, FL	11/13/01	Florida
Aero Greensmor, LP ("Greensmor")	Houston, TX	08/31/01	Delaware
Aero Harrisburg, LLC ("Harrisburg")	Harrisburg, PA	05/01/98	Delaware
Aero Houston Central, LP ("Houston Central") (a)	Houston, TX	09/25/01	Delaware
Aero Houston East, LP ("Houston East")	Houston, TX	08/30/01	Delaware
Aero Houston East II, LP ("Houston East II")	Houston, TX	07/14/06	Delaware
Aero JFK, LLC ("JFK")	New York, NY	02/19/04	Delaware
Aero Kansas City, LLC ("Kansas City") (a)	Kansas City, MO	08/08/00	Missouri
Aero Lauderdale, LLC ("Lauderdale") (a)	Fort Lauderdale, FL	05/13/02	Florida
Aero Louisville, LLC ("Louisville")	Louisville, KY	02/19/04	Delaware
Aero Miami FX, LLC ("Miami FX")	Miami, FL	07/15/03	Delaware
Aero Miami I, LLC ("Miami I")	Miami, FL	02/19/04	Delaware
Aero Miami II, LLC ("Miami II")	Miami, FL	02/19/04	Delaware
Aero Milwaukee, LLC ("Milwaukee") (a)	Milwaukee, WI	04/13/98	Delaware
Aero Nashville, LLC ("Nashville")	Nashville, TN	03/14/05	Delaware
Aero Newark, LLC ("Newark")	Newark, NJ	02/19/04	Delaware
Aero New Orleans, LLC ("New Orleans") (a)	New Orleans, LA	08/30/01	Delaware
Aero New Orleans 7 Property ("New Orleans 7")	New Orleans, LA	10/01/01	Delaware
Aero Norfolk, LLC ("Norfolk") (a)	Norfolk, VA	07/19/00	Virginia
Aero O'Hare, LLC ("O'Hare")	Chicago, IL	03/05/07	Delaware
Aero O'Hare Express, LLC ("O'Hare Express")	Chicago, IL	03/05/07	Delaware
Aero Oklahoma, LLC ("Oklahoma") (a)	Oklahoma, OK	11/12/02	Delaware
Aero Orlando, LLC ("Orlando") (a)	Orlando, FL	01/08/02	Florida
Aero Orlando II, LLC ("Orlando II")	Orlando, FL	03/07/06	Delaware
Aero Pensacola, LLC ("Pensacola") (a)	Pensacola, FL	08/31/01	Delaware
Aero Phila, LP ("Phila") (a)	Philadelphia, PA	08/31/01	Delaware
Aero Philadelphia, LLC ("Philadelphia")	Philadelphia, PA	12/14/00	Delaware
Aero Phil FE, LP ("Phil FE")	Philadelphia, PA	02/12/03	Delaware
Aero Portland, LLC ("Portland") (a)	Portland, OR	04/13/98	Oregon
Aero Portland II, LLC ("Portland II")	Portland, OR	06/07/06	Delaware
Aero Portland ME, LLC ("Portland ME")	Portland, ME	01/04/06	Delaware
Aero Rickenbacker, LLC ("Rickenbacker")	Columbus, OH	08/29/05	Delaware
Aero St. Louis, LLC ("St. Louis")	St. Louis, MO	11/19/09	Delaware
Aero South Bend, LLC ("South Bend")	South Bend, IN	02/28/06	Delaware
Aero Syracuse, LLC ("Syracuse") (a)	Syracuse, NY	06/02/00	New York

(a) Part of the "Obligated Group"

(1) Aero Austin, LP was sold to a related party on October 19, 2010

Cargo Acquisition Company, LLC

Notes to Consolidated Financial Statements

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2. Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include all accounts of the CAC wholly-owned entities. All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Accounting

These consolidated financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("GAAP").

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results can differ from those estimates.

Restricted Cash and Cash Equivalents

Included in the accompanying consolidated statement of financial position is cash and cash equivalents held in escrow as required by the loan agreements described in Note 8 for debt service payments and various reserves. The Company is required to deposit revenues into funds maintained by designated trustees of the Bonds (hereinafter defined). Use of these funds is governed by the terms of the Bond agreements as disclosed in Note 8. Interest income earned on funds held in escrow is reported as a component of other income on the consolidated statement of operations.

Additionally, the Company maintains cash primarily in deposits with commercial banks. At times, cash balances at a limited number of banks and financial institutions may exceed federally insured amounts. Management believes that credit risk is mitigated by depositing cash or investing through major financial institutions. Management does not believe this represents a material risk of loss with respect to its financial position.

Notes Receivable

Notes are recorded as receivables at fair value when the agreement is signed by both parties. Related interest income is recognized as it is earned. An allowance for uncollectible notes is based on an evaluation of the collectability of the principal and interest. As of June 30, 2011, there is no allowance recorded.

Income-Producing Properties

The income-producing properties are carried at cost. Upon acquisition of a property, the Company allocates the purchase price of the property based upon the relative fair value of the assets acquired and liabilities assumed, which generally consist of buildings, tenant improvements, leasing commissions and intangible assets including in-place leases, above market and below market leases (including ground leases), tenant relationships and leasehold intangibles. The Company allocates the purchase price to the fair value of the tangible assets of an acquired property by valuing the property as if it were vacant. Acquired above and below market leases (including ground leases) are valued based on the present value of the difference between prevailing market rates and the in-place rates over the remaining lease term.

The purchase price is further allocated to in-place lease values and tenant relationships based on management's evaluation of the specific characteristics of each tenant's lease and the Company's overall relationship with the respective tenant. Acquired above and below market leases are

Cargo Acquisition Company, LLC

Notes to Consolidated Financial Statements

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amortized over the remaining non-cancelable terms of the respective leases as an adjustment to rental income on the consolidated statement of operations. Acquired above and below market ground leases are amortized over the remaining non-cancelable term of the ground lease as an adjustment to ground rent expense on the Company's consolidated statement of operations. The value of in-place lease intangibles is amortized over the remaining lease term of the respective lease as adjustments to depreciation and amortization expense. Leasehold intangibles are amortized over their economic life, not to exceed their respective lease term. The value of tenant relationships is amortized over the remaining lease term and expected renewal periods of the respective lease as adjustments to depreciation and amortization expense. If a tenant terminates its lease early, the unamortized portion of the tenant improvements, leasing commissions, above and below market leases, the in-place lease value and tenant relationships are immediately written off.

The buildings are depreciated using the straight-line method over the shorter of the remaining useful life of the asset or the term of the underlying ground lease. Tenant improvements are amortized over the shorter of the remaining useful life of the assets or the life of the related lease plus renewal periods that are deemed to be reasonably assured at the date of acquisition. Leasing commissions and deferred leasing costs are amortized over the length of their respective lease agreements using the straight-line method.

Repairs and maintenance are charged to expense as incurred.

Construction-in-Progress

Construction in progress consists of properties currently under development. Direct and indirect construction costs are capitalized and included in construction in progress until the property or building is completed. During the construction period, property taxes and insurance associated with the property under construction are capitalized as development costs. In addition, interest is capitalized monthly based on the average construction balance multiplied by the Company's weighted average effective interest rate on debt outstanding during the month. No interest was capitalized during the year ended June 30, 2011. Interest and other costs incurred for such items after the property is substantially complete and ready for its intended use are charged to expense as incurred. Upon substantial completion of the project, all amounts capitalized are reclassified to income-producing properties.

Impairment of Long-Lived Assets

Long-lived assets and certain identifiable intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If further assessment of recoverability is needed, management compares the carrying amount of the asset or asset group to future net cash flows expected to be generated by the asset or asset group. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value of the assets exceeds the fair value of the assets.

Ground and Facility Rent Expense

Ground and facility rent expense is recognized on a straight-line basis over the term of the related lease. All ground and facility leases are accounted for as operating leases.

Deferred Financing Costs

Costs incurred in connection with obtaining financing are capitalized and amortized over the term of the related debt using the straight-line method. If debt is repaid prior to maturity, the unamortized deferred financing costs are immediately written off to loss on extinguishment.

Cargo Acquisition Company, LLC

Notes to Consolidated Financial Statements

June 30, 2011

Accounting for Derivatives and Hedging Activities

All derivatives are recognized on the consolidated statement of financial position at their fair value. On the date that a derivative contract is entered into or assumed, the Company decides whether it intends to meet the documentation requirements to qualify for hedge accounting. If a derivative qualifies for hedge accounting, changes in the fair value of the derivative that are effective are recorded in other comprehensive income. If a derivative does not qualify for hedge accounting, or if there is an ineffective portion of the hedge, changes in the fair value of the derivative are recorded in the consolidated statement of operations as a component of other income / (expense). The Company has not elected to qualify for hedge accounting; therefore, the change in fair value of the derivative instruments is recognized in the consolidated statement of operations as a component of other income / (expense). The Company does not hold or issue derivative financial instruments for trading purposes.

Revenue Recognition

Revenue from leasing activities, which generally consists of non-cancelable operating leases with terms of one year or more, is recognized on a straight-line basis over the lease term reflecting all rent abatements, known rental increases and recovery income derived from minimum ground rental payments due from tenants at single tenant facilities. Rental income earned on a straight-line basis was \$1,284,113 more than the cash rent due for the year ended June 30, 2011, and is included in the deferred rent receivables and rental income in the accompanying consolidated financial statements. Contractually due but unpaid rents are included in accounts receivable on the accompanying consolidated statement of financial position.

Tenant recovery income generally includes payments from tenants for their prorata share of real estate taxes, insurance, ground rent, property management and other property operating expenses and is recognized as revenue in the same period the related expenses are incurred by the Company.

The Company provides an allowance for doubtful accounts on accounts receivable and deferred rent receivables estimated to be uncollectible. The allowance for doubtful accounts at June 30, 2011 was \$2,799,688 of which \$2,758,671 relates to tenant accounts receivable with the remaining \$41,017 relating to deferred rental receivables. The net bad debt expense for the current year, which is net of the reversal of previous bad debt expense of \$389,729, is \$1,119,797 and is included as a component of operating expense on the consolidated statement of operations.

Included in accounts receivable on the consolidated statement of financial position is a receivable from one tenant in one facility, the City of Chicago, in the amount of \$1,956,772 that relates to recovery income of real estate taxes at a property they occupy. These real estate taxes relate to periods from 2003 through 2009 that were all levied at once and the terms of the tenant's lease provide for recovery of real estate taxes. Although management is pursuing all avenues of collection, including refunds through appeals of the tax assessing body, they currently are discussing the real estate taxes levied with the City of Chicago and intend to vigorously pursue payment of the recovery income. Due to this uncertainty, predominantly related to the timing of payment, and the number of periods the property was simultaneously levied with real estate taxes, management has provided an allowance against the aforementioned receivable in the amount of \$747,358. Management also notes that the City of Chicago has paid all of their outstanding base rent related to the space they occupy.

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Notes to Consolidated Financial Statements
June 30, 2011

Deferred Leasing Commissions and Costs

Deferred leasing commissions and costs are capitalized and amortized over the terms of the related tenant leases on a straight-line basis.

Income and Other Taxes

No provision has been made for federal income taxes in the accompanying consolidated financial statements, since the Company is treated as partnership for federal income tax purposes and the members include the income or loss in their own income tax return.

The Company is subject to certain state and local taxes. The provision for such state and local taxes has been reflected in general and administrative expense in the consolidated statement of operations. The amount due from state and local authorities is \$103,536 and is included in accounts receivable on the consolidated statement of financial position.

In accordance with ASC 740, Accounting for Uncertain Tax Positions, the Company conducts regular self assessments for uncertainty in income taxes recognized in the financial statements. The Company's self assessment has not resulted in any material accruals as no uncertain tax positions have been identified. As of June 30, 2011, the tax years that remain subject to examination by the major tax jurisdictions under the statute of limitations are from the year 2007 forward, with limited exceptions.

Fair Value Adjustment to Revenue Bonds Payable

The fair value adjustments made to the revenue bonds payable at the date of acquisition of the properties are amortized over the terms of the revenue bonds payable using the effective interest rate method. Amortization related to the discounts and premiums for the year ended June 30, 2011 was \$667,424 and is included as a component of interest expense on the consolidated statement of operations.

3. Income-Producing Properties

Income-producing properties are comprised of the following:

	Cost	Accumulated Depreciation / Amortization	Net Book Value
Land	\$ 14,990,408	\$ -	\$ 14,990,408
Building and building improvements	855,363,090	(205,026,476)	650,336,614
Above market leases	4,236,356	(2,587,142)	1,649,214
Below market ground lease	7,293,140	(1,866,119)	5,427,021
In-place leases	15,617,813	(8,003,230)	7,614,583
Leasing commissions	16,891,766	(6,637,393)	10,254,373
Tenant relationship value	12,698,047	(7,902,814)	4,795,233
Leasehold intangibles	6,870,809	(1,124,261)	5,746,548
Deferred Lease Costs	48,881	(8,002)	40,879
	<u>\$ 934,010,310</u>	<u>\$ (233,155,437)</u>	<u>\$ 700,854,873</u>

On October 19, 2010, the Company sold its entire interest in Aero Austin, LP including the income-producing property, for more details, please refer to note 10. The results of this entity have been reclassified to discontinued operations.

Cargo Acquisition Company, LLC
Notes to Consolidated Financial Statements
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Acquired intangible liabilities, associated with acquired income-producing properties, are shown separately on the consolidated statement of financial position as follows:

	Cost	Accumulated Amortization	Net Book Value
Above market ground lease (liability)	\$ (1,177,029)	\$ 524,754	\$ (652,275)
Below market leases (liability)	\$ (5,434,268)	\$ 3,000,856	\$ (2,433,412)

Acquired lease intangibles are amortized on a straight-line basis over the life of the related leases except for the tenant relationship values that have been amortized over the life of the related lease plus expected renewal periods.

The Company incurred net amortization expense pertaining to acquired lease intangibles of \$3,764,412 for the year ended June 30, 2011. The Company will recognize amortization expense related to acquired lease intangibles over the next five years as follows:

	2012	2013	2014	2015	2016	Thereafter
Amortization of:						
Acquired above market leases	\$ (326,044)	\$ (205,049)	\$ (197,358)	\$ (131,705)	\$ (59,787)	\$ (729,271)
Acquired below market leases	465,719	410,612	356,202	334,607	268,348	597,924
Net increase in rental income	\$ 139,675	\$ 205,563	\$ 158,844	\$ 202,902	\$ 208,561	\$ (131,347)
Acquired above market ground lease	\$ (65,232)	\$ (65,232)	\$ (65,232)	\$ (65,232)	\$ (65,232)	\$ (326,115)
Acquired below market ground lease	323,078	323,078	323,078	323,078	323,078	3,811,631
Net increase in ground rent	\$ 257,846	\$ 257,846	\$ 257,846	\$ 257,846	\$ 257,846	\$ 3,485,516
Acquired in-place leases	\$ 1,167,137	\$ 933,605	\$ 759,623	\$ 717,388	\$ 597,368	\$ 3,439,462
Acquired tenant relationship value	1,192,107	988,271	544,753	398,601	278,159	1,393,342
Acquired leasehold intangibles	215,186	215,186	215,186	215,186	215,186	4,670,618
Amortization expense	\$ 2,574,430	\$ 2,137,062	\$ 1,519,562	\$ 1,331,175	\$ 1,090,713	\$ 9,503,422

The intangible assets and liabilities are expected to have no residual value.

4. Ground and Facility Leases

The Company's interest in the ground and facility leases of all its subsidiaries (the "Facilities") consists of fee interests in the buildings under non-cancelable ground leases for the land on which the Facilities are located, except for Boylston, DFW FEE, Greensmor, New Orleans 7 and Phil FE, for which the Company has title to the land. These ground and facility leases, some of which contain renewal options, expire at various dates up to December 31, 2055. All ground and facility leases are subject to future increases based on predetermined amounts set forth in the underlying ground lease, increases or decreases based on the Consumer Price Index, discretionary increases based on market rates, and increases based on appraised values of the underlying land. For the year ended June 30, 2011, the Company paid \$25,507,320 in ground and facility rent.

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Notes to Consolidated Financial Statements
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Future minimum rent commitments relating to the ground and facility leases as of June 30, 2011 are as follows:

2012	\$ 23,396,535
2013	23,674,996
2014	23,940,590
2015	24,098,768
2016	23,064,601
Thereafter	<u>321,188,914</u>
Total minimum ground and facility rent	<u>\$ 439,364,404</u>

5. Fair Value Measurement

The Company accounts for its fair value measurements in accordance with ASC 820, *Fair Value Measurements* ("ASC 820"). This statement provides a definition of fair value which focuses on an exit price rather than an entry price, establishes a framework for measuring fair value which emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and requires expanded disclosures about fair value measurements. In accordance with ASC 820, the Company may use valuation techniques consistent with the market, income or cost approach to measure fair value.

To increase consistency and comparability in fair value measurements and related disclosures, the Company utilizes the fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 - Quoted prices in active markets for identical securities.

Level 2 - Valuations determined using inputs that are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date.

Level 3 - Valuations determined using significant unobservable inputs. Unobservable inputs reflect the Company's own assumptions about the factors market participants would use in pricing an investment, and would be based on the best information available in the circumstances.

The valuation of the Forward Delivery Agreements and Purchase and Resale Agreements are determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each instrument. This analysis reflects the contractual terms of the agreements, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. In adjusting the fair value of the forward delivery agreements, purchase and resale agreements and interest rate swaps for the effect of nonperformance risk, we have considered the impact of netting and any applicable credit enhancements. To comply with the provisions of ASC 820, we incorporated credit valuation adjustments ("CVA") to appropriately reflect both our own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. As not all inputs obtained related to our CVAs are observable, the Forward Delivery Agreements, Interest Rate Swap Agreements and Purchase and Resale Agreements are considered to be Level 3 of the fair value hierarchy.

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The following table sets forth our financial assets and liabilities that are accounted for at fair value on a recurring and non-recurring basis as of June 30, 2011:

Fair value measurements on a recurring or nonrecurring basis as of June 30, 2011				
Description	June 30, 2011	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Assets:				
Forward Delivery Agreements	\$ 1,175,051	—	—	\$ 1,175,051
Liabilities:				
Forward Delivery Agreements	\$ 2,334,832	—	—	\$ 2,334,832
Purchase and Resale Agreement	\$ 1,822,373	—	—	\$ 1,822,373
Interest Rate Swaps	\$ -	—	—	\$ -

The following table presents a reconciliation of our assets classified as Level 3 at June 30, 2011:

	Fair value measurements using significant unobservable inputs (Level 3)
	Forward Delivery Agreements
Balance, July 1, 2010	\$ 812,142
Total unrealized gain:	
Unrealized gain on change in fair value of derivatives	368,614
Total realized loss:	
Loss attributable to sale of Aero Austin, LP	(5,705)
Balance, June 30, 2011	<u>\$ 1,175,051</u>

Cargo Acquisition Company, LLC

Notes to Consolidated Financial Statements

June 30, 2011

The following table presents a reconciliation of our liabilities classified as Level 3 at June 30, 2011:

	Fair Value measurements using significant unobservable inputs (Level 3)			
	Forward Delivery Agreements	Purchase and Resale Agreements	Interest Rate Swaps	Total Derivative Liabilities
Balance, July 1, 2010	\$ 1,816,166	\$ 1,272,831	\$ -	\$ 3,088,997
Total unrealized losses:				
Unrealized loss on change in fair value of derivatives	518,666	549,542	-	1,068,208
Balance, June 30, 2011	\$ 2,334,832	\$ 1,822,373	\$ -	\$ 4,157,205

6. Derivative Instruments

Forward Delivery Agreements and Purchase and Resale Agreements

The Company has entered into or assumed in connection with the acquisition of properties, various total return swaps (forward delivery agreements and purchase and resale agreements) to hedge against fluctuations in investment returns received on certain restricted cash and cash equivalent accounts. As required under certain bond agreements, cash is deposited into a restricted account held with a Trustee, as defined hereinafter, which is subsequently invested in short-term, highly liquid securities. Certain derivative instruments held by JFK, Louisville, and Miami II, provide for an exchange of fixed initial payments totaling \$1,935,788 in the aggregate, which was paid to the previous owner, for future interest and investment income. Other derivative instruments provide the Company a fixed rate of interest ranging from 5.5% to 6.5% on the principal balance of all securities invested. In exchange, the counterparty receives the investment return from the underlying securities. The Company has not elected to qualify these derivatives for hedge accounting.

A summary of the forward delivery agreements assets is as follows:

Entity	Contract	Agreement Maturity Date	Number of Contracts Outstanding	Fair Value at June 30, 2011 Asset	Unrealized Gain / (Loss) for the year ended June 30, 2011
Harrisburg	Forward delivery agreement	July 1, 2023	1	52,640	16,658
Louisville	Forward delivery agreement	March 1, 2019	1	231,168	85,249
Miami II	Forward delivery agreement	October 15, 2025	2	92,601	23,537
Other ^(a)	Forward delivery agreement	(B)	9	730,790	221,698
Philadelphia	Forward delivery agreement	July 1, 2023	1	67,852	21,472

^(a) Comprised of certain properties in the Obligated Group (DFW, Houston Central, Kansas City, Milwaukee, New Orleans, Norfolk, Phila, Pensacola and Syracuse).

^(b) These forward delivery agreements have maturity dates between January 1, 2019 and January 1, 2032

Cargo Acquisition Company, LLC
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A summary of the forward delivery agreements and purchase and resale agreements liabilities is as follows:

<u>Entity</u>	<u>Contract</u>	<u>Agreement Maturity Date</u>	<u>Number of Contracts Outstanding</u>	<u>Fair Value at June 30, 2011 Liability</u>	<u>Unrealized Gain / (Loss) for the year ended June 30, 2011</u>
JFK	Forward delivery agreement	July 1, 2028	2	1,916,701	(479,182)
Louisville	Forward delivery agreement	March 1, 2019	1	147,261	8,270
Miami II	Forward delivery agreement	October 15, 2025	1	270,870	(47,754)
JFK	Purchase and resale agreement	July 1, 2028	1	1,822,373	(549,542)

Interest Rate Swaps

Miami I

Upon acquisition of the Miami I property, Miami I assumed an interest rate swap which hedges against anticipated fluctuations in the interest expense related to the variable interest rate on the Miami I Series 1999A Tax-Exempt Bonds. The financial institutions will pay Miami I a variable rate of interest based on the SIFMA index. Miami I will make interest payments at a fixed rate of 5.4275%. The agreement has a contractual notional amount equal to the original debt amortization schedule and was not modified by the change in debt service on the Miami I revenue bonds as described in Note 8. The notional amount of the swap was \$71,055,000 at June 30, 2011. The Miami I interest rate swap matures October 15, 2025. The Company has not elected to qualify this derivative for hedge accounting. This agreement has a fair value of \$0 at June 30, 2011. Miami I's obligation under the terms of the derivative extends through the date of the original Revenue Bonds amortization table and maturity. However, management determined that the credit valuation adjustment should reduce the fair value of the obligation to zero in light of the fact that Miami I lacks sufficient cash flow to make the required debt service payments or fund the bond's reserve accounts back to their requisite levels to cure the current event of default and as a result lacks sufficient cash-flow to make any of the swap payments. Miami I continues to accrue the amounts billed by the swap counterparty as they become due. There was no unrealized gain or loss related to the change in fair value during the year ended June 30, 2011.

Newark

Upon acquisition of the Newark property, Newark assumed an interest rate swap which hedges against anticipated fluctuations in the interest expense related to the variable interest rate on the Newark Bonds. Ambac Financial will pay Newark a variable rate of interest based on the SIFMA index. Newark will make interest payments at a fixed rate of 5.65%. The agreement has a contractual notional amount equal to the original debt amortization schedule and was not modified by the change in debt service on the Newark revenue bonds as described in Note 8. The notional amount of the swap was \$36,700,000 at June 30, 2011. The interest rate swap matures on January 1, 2019. The Company has not elected to qualify this derivative for hedge accounting. This agreement has a fair value of \$0 at June 30, 2011. Newark's obligation under the terms of the derivative extends through the date of the original Revenue Bonds amortization table and maturity. However, management determined that the credit valuation adjustment should reduce the fair value of the obligation to zero in light of the fact that Newark lacks sufficient cash flow to make the required debt service payments or fund the bond's reserve accounts back to their requisite levels to cure the current event of default and as a result lacks sufficient cash-flow to make any of the swap payments. Newark continues to accrue the amounts billed by the Swap counterparty as they become due. There was no unrealized gain or loss related to the change in fair value during the year ended June 30, 2011.

Cargo Acquisition Company, LLC

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7. Mortgage Note Payable

Norfolk

Norfolk is obligated under a mortgage and a promissory note payable to the Lutheran Brotherhood (the "Lutheran Note") that was assumed upon acquisition of the property on July 27, 2000. The outstanding principal balance at June 30, 2011 is \$970,356. The Lutheran Note bears interest at 9% payable in equal monthly installments of interest and principal in the amount of \$33,303 per month with a final payment due on March 1, 2014, which shall include the remaining principal and any outstanding interest.

Based on borrowing rates available to the Company at June 30, 2011 with similar terms and maturities, the fair value of the mortgage note payable was \$1,061,304.

Commencing on March 1, 2004, the Lutheran Note, subject to a 5% prepayment penalty, may be prepaid, in whole or in part, upon 60 days notice to the lender. The prepayment penalty decreases each March 1 by 50 basis points with a minimum fee of 1%. The prepayment penalty currently is 1.5%. The Lutheran Note is secured by all of Norfolk's interest in the ground lease, buildings, improvements, furniture, fixtures, machinery and personal property.

The future minimum principal payments related to the mortgage notes payable are summarized as follows:

2012	325,515
2013	356,050
2014	288,791
	<u>970,356</u>
	<u>\$ 970,356</u>

8. Revenue and Bank Bonds Payable

The CAC subsidiary companies are subject to revenue bonds payable that were originally issued by various airport authorities, cities and municipalities for the purpose of funding the construction of on-airport industrial development or refinancing existing industrial on-airport properties. Certain of the revenue bonds have restrictive covenants whereby rent charged to tenants is deposited directly to a bond trustee (the "Trustee") to pay property operating costs, pay ground rent and service interest and principal on the bonds. In certain cases, excess operating cash is held in a surplus fund until certain covenants are met, at which time the excess cash can be released to the Company. Additionally, many of the bonds require deposits into reserve accounts for debt service payments, operating and maintenance costs, and capital improvements and are presented as a component of restricted cash and cash equivalents on the consolidated statement of financial position. Certain of the bonds can be redeemed by the Company prior to their maturity during designated periods, some of which would result in prepayment penalties. The following table describes each of the revenue and bank bonds (collectively referred to as the "Bonds"):

Cargo Acquisition Company, LLC

Notes to Consolidated Financial Statements

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Revenue and Bank Bonds Payable:

Property	Description	Original issue	June 30, 2011 balance	June 30, 2011 fair value	Interest rate	Maturity date	Payment required
Philadelphia and							
Harrisburg	Term Bonds-Tax Exempt	\$ 13,710,000	\$ 12,575,000	\$ 9,667,937	Fixed 5.50%	1-Jan-24	(a)
Houston East (aa)	Revenue Bonds-Tax Exempt	10,670,000	6,000,000	4,547,814	Fixed 5.00%	1-Dec-33	(b)
Houston East (aa)	Term Bonds-Tax Exempt	2,750,000	2,750,000	3,576,758	Fixed 10.00%	1-Dec-33	(b)
JFK (k)	2001A-Tax Exempt	10,000,000	8,150,000	8,044,841	Fixed 6.00%	1-Jul-15	(a)
JFK (k)	2001A-Tax Exempt	43,745,000	40,075,000	37,027,138	Fixed 6.00%	1-Jul-27	(a)
JFK (k)	2001A-Tax Exempt	98,930,000	98,930,000	85,739,301	Fixed 5.50%	1-Jul-28	(c)
Louisville	Term Bonds-Tax Exempt	11,785,000	9,740,000	9,661,262	Fixed 5.50%	1-Mar-19	(a)
Miami FX (x)	Revenue Bonds-Tax Exempt	26,430,000	26,430,000	24,891,509	Fixed 5.35%	1-Jul-29	(m)
Miami I (i), (v)	Series 1999A-Tax Exempt	81,000,000	65,228,326	62,770,269	Variable 12.00%	15-Oct-13	(d)
Miami II (j), (v)	Series 1999-Tax Exempt	7,280,000	5,795,000	8,146,073	Fixed 6.00%	15-Oct-19	(a)
Miami II (j), (v)	Series 1999-Tax Exempt	8,350,000	7,060,000	9,924,292	Fixed 6.00%	15-Oct-25	(a)
Nashville (w)	Revenue Bonds-Tax Exempt	6,200,000	6,200,000	5,879,433	Fixed 5.20%	1-Jul-26	(m)
Newark (l), (v)	Revenue Bonds - Tax Exempt	59,700,000	36,681,261	28,224,904	Variable 5.25%	1-Jan-14	(e)
O'Hare (aa)	Series 2002 Revenue Bonds- Tax Exempt	47,000,000	23,700,000	17,951,863	Fixed 5.13%	1-Mar-37	(f)
O'Hare Express (aa)	Series 1997 Revenue Bonds- Tax Exempt	55,000,000	39,300,000	18,787,377	Fixed 5.00%	1-Sep-32	(g)
DFW II (aa)	2008A Tax Exempt	4,400,000	4,400,000	5,456,383	Fixed 10.00%	1-Jan-25	(u)
Houston East II (aa)	2008 Tax Exempt	23,350,000	23,350,000	31,071,165	Fixed 10.00%	1-Jan-38	(u)
Orlando II (aa)	Anticipation Note - Tax Exempt	7,820,000	7,820,000	7,820,000	Variable 4.25%	20-Sep-36	(t)
Obligated Group (h)							
DFW	2002 Series Senior Revenue Bonds- Tax Exempt	5,420,000	5,015,000	4,778,148	Fixed 6.50%	1-Jan-24	(a)
Houston Central	2002 Series Senior Revenue Bonds- Tax Exempt	16,190,000	16,075,000	15,375,735	Fixed 6.38%	1-Jan-23	(a)
Kansas City	2002 Series Senior Revenue Bonds- Tax Exempt	3,295,000	3,185,000	2,994,438	Fixed 6.25%	1-Jan-30	(a)
Milwaukee	2002 Series Senior Revenue Bonds- Tax Exempt	8,595,000	7,075,000	6,771,640	Fixed 6.50%	1-Jan-25	(a)
Milwaukee	2002 Series Junior Bonds - Tax Exempt	4,280,000	3,445,000	3,507,885	Fixed 7.50%	1-Jan-25	(a)
New Orleans	2002 Series Senior Revenue Bonds- Tax Exempt	5,380,000	2,645,000	2,538,408	Fixed 6.65%	1-Jan-25	(a)
Norfolk	2002 Series Senior Revenue Bonds- Tax Exempt	4,570,000	4,470,000	4,138,316	Fixed 6.25%	1-Jan-30	(a)
Pensacola	2002 Series Senior Revenue Bonds- Tax Exempt	1,050,000	965,000	947,667	Fixed 6.25%	1-Jan-19	(a)
Phila	2002 Series Junior Bonds - Tax Exempt	10,290,000	10,290,000	10,315,014	Fixed 7.50%	1-Jan-25	(n)
Phila (aa)	2002 Series B Bonds- Tax Exempt	4,500,000	3,980,000	4,430,431	Fixed 10.00%	1-Jan-25	(a)
Syracuse	2002 Series Senior Revenue Bonds- Tax Exempt	13,975,000	13,880,000	12,452,846	Fixed 6.13%	1-Jan-32	(a)
Syracuse	2002 Series Junior Bonds - Tax Exempt	6,005,000	6,005,000	5,854,827	Fixed 7.25%	1-Jan-32	(o)
Ft. Myers	2003 Series Senior Revenue Bonds- Tax Exempt	2,355,000	2,355,000	2,044,755	Fixed 5.75%	1-Jan-32	(p)
Lauderdale	2003 Series Senior Revenue Bonds- Tax Exempt	18,885,000	18,885,000	15,960,742	Fixed 5.75%	1-Jan-32	(o)
Oklahoma	2003 Series Senior Revenue Bonds- Tax Exempt	1,430,000	1,430,000	1,267,629	Fixed 5.75%	1-Jan-23	(q)
Oklahoma	2003 Series Junior Bonds - Tax Exempt	3,410,000	3,410,000	3,275,850	Fixed 6.75%	1-Jan-23	(r)
Orlando	2003 Series Junior Bonds - Tax Exempt	7,395,000	7,395,000	6,693,592	Fixed 6.75%	1-Jan-32	(s)
Portland	2003 Series Senior Revenue Bonds - Taxable	6,960,000	4,765,000	4,737,873	Fixed 7.13%	1-Jan-16	(a)
Total revenue bond principal outstanding			\$ 539,454,587				
Unamortized fair value adjustments to revenue bonds payable				(7,498,414)			
Carrying amount of bonds payable				<u>\$ 531,956,173</u>			

Cargo Acquisition Company, LLC

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- (a) Interest semiannually and principal annually
- (b) Interest semiannually, principal payable at maturity
- (c) Interest semiannually to June 2015, principal annually and interest semiannually thereafter
- (d) Interest and principal semiannually. The bank rate is provided by the Bank and is subject to an adjustment from time to time as determined by the Bank's New York branch
- (e) Interest monthly, principal semi-annually.
- (f) Interest semiannually. Principal payable at maturity.
- (g) Interest semiannually. Principal payable at maturity. On July 29, 2010 the bonds converted from variable rate to fixed rate bonds
- (h) Twice a year (January 1 and July 1) in accordance with the Master Indenture, the Manager requests the funds in the surplus fund. In order for the funds to be released the Obligated Group must maintain a Debt Service Coverage Ratio in excess of 1.2 for all the Obligated Bonds and a Debt Service Coverage Ratio in Excess of 1.4 for all the Obligated Senior Bonds. At June 30, 2011 the Obligated Group's Debt Service Coverage ratio for all the Obligated Bonds was 1.23 and for the Obligated Senior Bonds it was 1.63. The Obligated Bonds are secured by the restricted cash accounts maintained by the Master trustee. Except for Norfolk, the Obligated Bonds relating to each of the Obligated Facilities are secured by a pledge of gross revenues and all are subject to a mortgage except certain Houston Central buildings.
- (i) Twice a year (April 15 and October 15) in accordance with the Miami I Indenture, Miami I requests the funds in the surplus fund less one month's interest and principal on the Miami I Bonds. In order for the funds to be released (i) no event of default shall have occurred; (ii) the amounts in the debt service reserve and major maintenance and operating reserves must equal or exceed what is required per the Indenture; (iii) the Miami I Trustee has no actual knowledge of (1) any breach of representations and warranties made by Miami I in relation to the loan agreement and (2) that Miami I is in default; (iv) the Miami I Trustee has no actual knowledge of insolvency of Miami I, and (v) all amounts due and owing to the liquid facility provider have been paid. Miami I also has to maintain a ratio of net revenues (revenues actually received during the preceding 6 months) to debt service of at least 1.25. The ratio at June 30, 2011 was 0.26.
- (j) Twice a year (April 15 and October 15) in accordance with the Miami II Indenture, Miami II requests the funds in the surplus fund less one month's interest and principal on the Miami II Bonds. In order for the funds to be released (i) no event of default shall have occurred; (ii) the amounts in the debt service reserve and major maintenance and operating reserves must equal or exceed what is required per the Indenture; (iii) the Miami II Trustee has no actual knowledge of (1) of any breach of representations and warranties made by Miami II in relation to the loan agreement and (2) that Miami II is in default; (iv) the Miami II Trustee has no actual knowledge of insolvency of Miami II. Miami II also has to maintain a ratio of net revenues (revenues actually received during the preceding 6 months) to debt service of at least 1.25. The ratio at June 30, 2011 was 1.88.
- (k) Once a year on July 1 in accordance with the JFK Indenture, JFK requests the funds in the surplus fund. In order for the funds to be released, JFK is required to have a current and 12 month projected debt service coverage ratio in excess of 1.0. At June 30, 2011, the ratios were 1.21 and 1.22 (unaudited), respectively.
- (l) On January 1, April 1, July 1 and October 1 in accordance with the Newark Indenture, Newark requests the funds in the surplus fund. In order for the funds to be released Newark is required to have a ratio of net revenues to debt service (the "rate covenant") equal to at least 1.25. A rate covenant of less than 1.25 is not considered an event of default under the Newark Indenture or Loan Agreement, however it prohibits the members from receiving distributions from the surplus fund until the rate covenant has been satisfied for a period of six consecutive months or an independent certified public accountant certifies that the payments received from a new sublease agreement will be sufficient to meet the rate covenant. At June 30, 2011, the Company is not in compliance.
- (m) Interest semiannually with annual principal payments commencing July 2012
- (n) Interest semiannually with annual principal payments commencing January 2013
- (o) Interest semiannually with annual principal payments commencing January 2020
- (p) Interest semiannually with annual principal payments commencing January 2026
- (q) Interest semiannually with annual principal payments commencing January 2022
- (r) Interest semiannually with annual principal payments commencing January 2019
- (s) Interest semiannually with annual principal payments commencing January 2027
- (t) Interest quarterly and principal at maturity. Interest rate is 3 month LIBOR + 4%
- (u) Interest quarterly and principal at maturity.
- (v) Miami I, Miami II and Newark, as part of a cross-collateral agreement, have agreed to restrict distributions of their excess cash flows unless the combined results of the Aero Newark, LLC, Aero Miami I, LLC, and Aero Miami II, LLC (companies under common control), comply with certain financial requirements as noted above. As of June 30, 2011 Newark, Miami I and Miami II are not in compliance with these requirements.
- (w) In order for the funds to be released (i) no event of default shall have occurred; (ii) the amounts in the debt service reserve and major maintenance and operating reserves must equal or exceed what is required per the Indenture; (iii) the Trustee has no actual knowledge of (1) any breach of representations and warranties made by the Company in relation to the loan agreement and (2) the Company being in default; (iv) the Trustee has no actual knowledge of insolvency of the Company. The Company also has to maintain a projected debt service coverage ratio and an actual debt service coverage ratio of 1.1. At June 30, 2011, the ratios were 1.22 (unaudited) and 1.83, respectively.
- (x) In order for the funds to be released (i) no event of default shall have occurred; (ii) the amounts in the debt service reserve and major maintenance and operating reserves must equal or exceed what is required per the Indenture; (iii) the Trustee has no actual knowledge of (1) any breach of representations and warranties made by the Company in relation to the loan agreement and (2) the Company being in default; (iv) the Trustee has no actual knowledge of insolvency of the Company. The Company also has to maintain a projected debt service coverage ratio and an actual debt service coverage ratio of 1.1. At June 30, 2011, the ratios were 1.36 (unaudited) and 2.03, respectively.
- (aa) CalEast Industrial Investors, LLC, an indirect member of CAC, holds all outstanding revenue bonds.

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The future minimum principal obligations for revenue bonds payable are as follows:

2012	\$ 31,030,000
2013	33,655,000
2014 ⁽¹⁾	62,989,587
2015	12,590,000
2016	14,235,000
Thereafter	<u>384,955,000</u>
Total principal repayment	539,454,587
Unamortized fair value adjustment to revenue bonds payable	<u>(7,498,414)</u>
Revenue bonds payable	<u>\$ 531,956,173</u>

⁽¹⁾ Includes amounts payable to Ambac for Aero Miami I and Aero New ark and are included in 2014 as these amounts are subrogated to the bond holder's interests whose principal is not due prior to then.

Miami I

On October 9, 2008 the Revenue Bonds were tendered and were not successfully remarketed. Pursuant to the Agreement, if the bonds could not be remarketed, the Trustee was to draw on the liquidity facility provided by Bayerische Landesbank Girozentrale in order purchase the outstanding Revenue Bonds and the Revenue Bonds would then become Bank Bonds. Pursuant to the Agreement, the use of the liquidity facility accelerates the required principal repayments on the outstanding Bonds

Pursuant to the Indenture, the Company is required to maintain an \$8,100,000 non-taxable debt service reserve and a \$1,000,000 major maintenance and operating reserve. The annual non-taxable debt service reserve is defined as being equal to one-half of the maximum annual debt service requirement in respect of the Series 1999A Tax-Exempt Bonds, but in no event shall such debt service reserve requirement exceed 125% of the average annual payments of debt service requirement with respect to such bonds. The debt service reserve, major maintenance reserve and operating reserve were fully depleted at June 30, 2011

On October 15, 2010 and April 15, 2011 the Company was required to make principal payments in the amount of \$7,400,000. There were insufficient funds available at that time, and as such, the Company drew on the municipal bond insurance policy in the amount of \$14,721,572; these amounts remain payable to Ambac Assurance Corporation (Ambac).

An amount of \$5,570,755 is also due to Ambac for interest paid on the Company's behalf and included in Loan payable - Other on the consolidated statement of financial position. This amount includes interest on the Miami I Bank Bonds of \$1,494,762 that accrues interest at 12% and interest due under the Miami I Interest rate swap in the amount of \$4,075,993 that accrues interest at the prime rate + 1% and included in Loan payable - Other on the consolidated statement of financial position. Interest is accruing on this amount payable to Ambac. While Ambac retains all the rights and characteristics of a bank bond holder, they are fully subrogated to all of the bondholder's right to payment.

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Pursuant to the Miami I Municipal Bond Insurance Policy, Ambac, Miami I's Revenue Bond insurer will be required to cover any and all deficiencies on the Miami I Bank Bonds. Ambac has the ability to make all amounts immediately due and payable. As the building has been pledged as collateral under the Miami I Bond Indenture, Ambac will have the right to take possession of and foreclose on Miami I's sole property. Based on the fair value of the property relative to the outstanding Miami I bank bonds, management intends to surrender the Miami I property upon Ambac exercising their right to take possession and foreclose on the Miami I property.

Newark

On September 18, 2008, the outstanding Newark bonds were tendered and were not successfully remarketed. Pursuant to the Newark Standby Bond Purchase Agreement (the "Newark Agreement"), if the bonds were not able to be remarketed, the Newark Bond's trustee will draw on the Newark bond's liquidity facility provided by a bank, KBC Bank, N.V. (KBC), in order to purchase the outstanding Newark bonds and the Newark bonds then became Newark bank bonds. Pursuant to the Newark Agreement, the use of the Newark bond's liquidity facility accelerates the required principal repayments on the outstanding Newark bank bonds. On September 25, 2008, the Newark bond's trustee drew on the Newark bond's liquidity facility for a total of \$45,194,201 representing \$45,000,000 of principal and \$194,201 of accrued interest outstanding to repay the Newark bondholders. The most significant difference between the terms of the Newark bonds that were outstanding and the Newark bank bonds is that Newark is now liable to KBC for principal and interest payments on an accelerated schedule and the final maturity date changed from January 1, 2019 to January 1, 2016. In addition, the interest rate went from 5.65%, pursuant to an interest rate swap the company entered into on the Newark bonds, to the greater of 2% plus i) the Prime Rate or ii) the Fed Funds rate plus 0.50% under the terms of the bank bonds which was 5.25% as of June 30, 2011.

On July 1, 2010 and January 1, 2011, the Company was required to make principal payments in the amounts of \$3,100,000 and \$6,000,000 respectively. There were insufficient funds available at that time, and as such, the Company drew on the municipal bond insurance policy in the amount of \$8,276,418; these amounts remain Ambac. While Ambac retains all the rights and characteristics of a bank bond holder, they are fully subrogated to all of the bondholder's right to payment.

Pursuant to the Newark Municipal Bond Insurance Policy, Ambac, Newark's Revenue Bond insurer will be required to cover any and all deficiencies on the Newark Bank Bonds. Ambac has the ability to make all amounts immediately due and payable. As the building has been pledged as collateral under the Newark Bond Indenture, Ambac will have the right to take possession of and foreclose on Newark's sole property. Based on the fair value of the property relative to the outstanding Newark bank bonds, management intends to surrender the Newark property upon Ambac exercising their right to take possession and foreclose on the Newark property.

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As Management does not intend to replenish either the Newark or Miami I debt service reserve accounts these properties may be subject to foreclosure. If either of these properties are foreclosed on, the Company intends to surrender the Miami II property as well. The following condensed financial information presents the financial position of Miami I, Miami II and Newark as of June 30, 2011 and results of their operations for the year then ended, which are included in the Company's consolidated financial statements.

	Miami I	Miami II	Newark	Total
Income-producing properties	\$ 57,861,772	\$ 11,549,973	\$ 25,443,630	\$ 94,855,375
Other Assets	<u>2,888,299</u>	<u>1,992,902</u>	<u>1,929,892</u>	<u>6,811,093</u>
Total Assets	<u>\$ 60,750,071</u>	<u>\$ 13,542,875</u>	<u>\$ 27,373,522</u>	<u>\$ 101,666,468</u>
Bonds payable	\$ 65,228,326	\$ 13,155,837	\$ 36,681,261	\$ 115,065,424
Other liabilities	11,333,477	534,732	3,528,194	15,396,403
(Deficit)	<u>(15,811,732)</u>	<u>(147,694)</u>	<u>(12,835,933)</u>	<u>(28,795,359)</u>
Total Liabilities and (Deficit)	<u>\$ 60,750,071</u>	<u>\$ 13,542,875</u>	<u>\$ 27,373,522</u>	<u>\$ 101,666,468</u>
Revenue	\$ 8,640,496	\$ 3,250,417	\$ 10,271,366	\$ 22,162,279
Operating expenses	5,770,347	2,131,731	8,478,953	16,381,031
Interest expense	12,137,935	784,581	4,086,027	17,008,543
Other income (expenses)	<u>2,176</u>	<u>46,583</u>	<u>1,084</u>	<u>49,843</u>
Net (loss) income	<u>\$ (9,265,610)</u>	<u>\$ 380,688</u>	<u>\$ (2,292,530)</u>	<u>\$ (11,177,452)</u>

Miami FX

On December 1, 2010, the outstanding Miami FX bonds were extinguished ("old Miami FX Bonds") using \$25,000,000 of the proceeds from the new bond issuance ("new Miami FX Bonds). On this date, the carrying value of the old Miami FX bonds was \$21,019,185 including unamortized fair market value adjustment of \$4,085,815 resulting in a loss on early retirement of debt of \$4,105,034. On December 1, 2010, pursuant to the Amended and Restated Loan Agreement, new tax-exempt fixed rate revenue bonds were issued in the amount of \$26,430,000. These bonds mature on July 1, 2029 and bear interest at a fixed rate of 5.35%.

The deferred financing fees associated with the old Miami FX Bonds were written off at December 1, 2010, resulting in a charge of \$19,219 which is included in loss on early retirement of debt on the consolidated statement of operations. Miami FX incurred \$710,119 in financing fees associated to the issuance of the new Miami FX Bonds which are being amortized over the life of the new Miami FX Bonds.

Nashville

On December 1, 2010, the outstanding Nashville bonds were extinguished. ("old Nashville Bonds") using the full proceeds from the new bond issuance. On this date, the carrying value of the old Nashville Bonds was \$6,176,953 including unamortized discount of \$23,047 resulting in a loss on early retirement of debt of \$235,118. On December 1, 2010, pursuant to the Collateral and Security Agreement, new tax-exempt fixed rate revenue bonds were issued in the amount of \$6,200,000. These bonds bear mature on July 1, 2026 and bear interest at a fixed rate of 5.2%.

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The deferred financing fees associated with the old Nashville Bonds were written off at December 1, 2010, resulting in a charge of \$212,071 which is included in loss on early retirement of debt on the consolidated statement of operations. Nashville incurred \$284,218 in financing fees associated to the issuance of the new Nashville Bonds which is being amortized over the life of the new Nashville Bonds.

Houston East

On December 1, 2010 CalEast Industrial Investors, LLC acquired \$6,000,000 of the outstanding Houston East Revenue Bonds. These bonds now bear interest at a fixed rate of 5%. Due to the change in interest rate, the bonds were considered extinguished and re-issued. The carrying value on the date of extinguishment was \$7,399,135 including unamortized fair market value adjustment of \$1,350,865 resulting in a loss on early retirement of debt of \$1,365,159.

The deferred financing fees associated with Houston East bonds were written off at December 1, 2010, resulting in a charge of \$14,294 which is included loss on early retirement of debt on the consolidated statement of operations. Houston East incurred \$57,178 in financing fees associated with the change in interest rate, which is being amortized over the remaining life of the Houston East Bonds.

O'Hare Express LLC and O'Hare LLC

CalEast Industrial Investors, LLC acquired \$39,300,000 and \$23,700,000 of the outstanding O'Hare Express LLC and O'Hare LLC Revenue Bonds, respectively. These bonds now bear interest at a fixed rate. Due to the change in the multi-modal interest rate to a fixed rate and due to the change of the bondholders, the bonds were considered extinguished and re-issued.

The deferred financing fees associated with the O'Hare Express and O'Hare LLC bonds were written off in the current year, resulting in a charge of \$1,499,485 which is included in loss on early retirement of debt on the statement of operations.

9. Rental Income

The tenant leases require fixed minimum monthly payments over the terms of the leases. Future minimum rentals on the noncancelable operating tenant leases (exclusive of tenant recovery income) at June 30, 2011 approximate the following:

2012	\$ 66,368,638
2013	62,123,268
2014	47,673,832
2015	40,720,924
2016	34,285,320
Thereafter	<u>257,966,857</u>
Total minimum rent	<u>\$ 509,138,839</u>

The Facilities total approximately 11,915,000 square feet (unaudited) of rentable space and are in aggregate leased to approximately 165 unique tenants, including all-cargo carriers, passenger carriers providing cargo lifts in their passenger aircraft, freight forwarders, ground service and handling companies and a variety of specialty firms whose business needs require an on-airport location. For the year ended June 30, 2011, approximately 29.4% of the rental income was derived

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from two tenants. (Federal Express Corporation – 18.1%, Delta Air lines – 11.3%). There are no other tenants that comprise more than 10% of total revenues.

10. Related Party Transactions

The Company has entered into a management agreement with Aeroterm US, Inc. (the “Manager”), a related party of an indirect member of CAC to serve as the property and development manager and to provide brokerage, financial and acquisition services for the Company. The management agreement requires the following compensation to the Manager:

Management Fees	3% to 5% of gross monthly collections.
Leasing Fees	3.5% of net monthly rent for any new leases or lease expansions, 2.5% of net monthly rent during years 1 through 3 of a lease renewal or extension period and 1% of net monthly rent during years 4 through 10. Should an outside broker be used, the leasing fees paid to the Manager shall be up to 50% of the above fees.
Acquisition Fees	2% on the first \$5,000,000 of the gross purchase price and 1% thereafter. Should an outside broker be used, the Manager’s commission will be the greater of 50% of the outside broker’s commission or 50% of the acquisition fee that the manager would have earned.
Financing Fees	0.5% of the gross loan amount.
Development Fees	4% of the project cost.
Construction Management Fees	5% of construction hard costs incurred between \$10,000 and \$250,000 and 3% on amounts incurred in excess of \$250,000. In no event shall the fees exceed \$35,000.

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Total fees incurred during the year were \$4,112,614, which are included in property management and operating expenses in the accompanying consolidated statement of operations or have been capitalized to income-producing properties in the accompanying consolidated statement of financial position. The approximate fees earned for the various services are disclosed in the following table:

Property management	\$ 3,790,196
Leasing	253,681
Construction and development	<u>68,737</u>
	<u>\$ 4,112,614</u>

Included in accounts payable are amounts totaling \$454,673 payable to the Manager.

As disclosed in Note 8, affiliates of CAC are the holders of certain revenue bonds. On July 29, 2010 CalEast Industrial Investors LLC acquired \$39,300,000 of the outstanding O'Hare South 1997 Revenue Bonds outstanding and on December 1, 2010 CalEast Industrial Investors, LLC acquired \$6,000,000 of the outstanding Houston East Revenue Bonds. Included in interest expense is \$7,030,662 of interest that was paid or payable to CalEast Air Cargo Investors, LLC and Aeroterm IV, LLC, indirect members of CAC, related to these revenue bonds. At June 30, 2011, \$1,628,268 of this amount is included in accrued interest payable on the statement of financial position.

California Public Employees Retirement System ("CalPERS"), an indirect member of CAC, acquires and pays for property and casualty insurance covering its portfolio of properties. It then allocates and is reimbursed by each of its investments for the coverage. Total payments to CalPERS for reimbursement of property and casualty insurance premiums for the year ended June 30, 2011 was \$609,931.

The Company received a \$1,000,000 tenant improvement allowance from CalEast Air Cargo, LLC as part of its rent subsidiary agreement at O'Hare, which terminated on June 30, 2010. The agreement stipulates upon full leasing of the premises (located at 893 Upper Express Drive, Chicago, Illinois) the Company shall promptly refund CalEast Air Cargo, LLC any unused portion of the tenant improvement allowance. At June 30, 2011, the unused portion was \$675,888 which is reflected on the statement of financial position as payable to CalEast Air Cargo, LLC.

The Company has a \$3,480,148 non-interest bearing note receivable from Aeroterm Miami III, LLC, a related party of an indirect member of CAC. The non-interest bearing note is repayable in installments equal to fifty percent of any distribution paid by Aeroterm Miami III until such time that the note receivable is paid in full. Repayment of the note receivable is contingent on Aeroterm Miami III's ability to successfully develop an industrial facility and generated distributable cash, as defined in the agreement, in order to issue distributions to the Company. Aeroterm Miami III's sole asset is its 100% interest in Aero Miami III, LLC. Aero Miami III is currently constructing an air-cargo facility at Miami International airport for an air-cargo carrier. The note receivable is estimated to be fully repaid by April 2014. As the note is non-interest bearing, it was discounted at 6% (the Company's weighted average effective interest rate), yielding a discounted note receivable in the amount of \$3,160,036 which is reflected on the statement of financial position.

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Sale of Aero Austin, LP

On October 19, 2010, the Company sold its entire interest in Aero Austin, LP to a related party of the Manager in exchange for \$10,000. This resulted in a realized gain of \$582,988, as the carrying value of the property was \$572,988 at the time sale.

At the time of sale of Aero Austin LP, Austin had bonds payable outstanding in the amount of \$4,331,680 including an unamortized premium of \$386,680. These bonds were transferred in connection with the sale of Aero Austin, LP's equity. The following table discloses certain information regarding the Austin property included in discontinued operations by the Company for the year ended June 30, 2011.

Year Ended June 30, 2011

Total Revenues	\$ 161,627
Operating Expenses	(124,846)
Interest Income	1,920
Interest Expense	<u>(66,480)</u>

Net Loss \$ (27,779)

11. Commitments and Contingencies

In the ordinary course of business, there may be various claims or lawsuits brought by or against the Company. Management is not aware of any claims or lawsuits that could materially affect the financial position, results of operations or liquidity of the Company.

12. Subsequent Events

On July 1, 2011, Newark was required to make an accelerated principal payment of \$3,100,000. As there was insufficient cash on hand, the Trustee drew upon the Company's municipal bond insurance policy in the amount of \$2,327,181 to make the required payment on the Bank Bonds.

The Company has performed an evaluation of subsequent events through October 5, 2011, the date the financial statements were issued, and determined there were no other subsequent events that required disclosure.

**UNAUDITED FINANCIAL INFORMATION
THROUGH THE FISCAL QUARTER ENDED MARCH 31, 2012**

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UNAUDITED FINANCIAL INFORMATION
THROUGH THE FISCAL QUARTER ENDED MARCH 31, 2012

Cargo Acquisition Company, LLC
Consolidated Statement of Financial Position
As at March 31, 2012

	(unaudited)
Assets	
Income-producing properties, net	\$ 611,710,030
Construction-in-progress	1,182,677
Cash	6,155,473
Restricted cash and cash equivalents	58,917,845
Accounts receivable (net of allowance of \$3,097,709)	6,794,061
Notes receivable	3,312,048
Deferred rental receivables (net of allowance of \$6,626)	16,195,117
Deferred financing costs (net of accumulated amortization of \$250,490)	1,800,929
Prepaid expenses	1,456,653
Deposits	2,208,729
Forward delivery agreement assets	1,684,812
Total assets	\$ 711,418,374
Liabilities and Member's Equity	
Revenue and bank bonds payable (net of fair value adjustment of \$7,096,423)	\$ 523,038,242
Mortgage notes payable	728,976
Loan payable - other	6,686,538
Above market ground lease (net of accumulated amortization of \$573,678)	603,351
Below market leases (net of accumulated amortization of \$3,164,064)	2,070,856
Purchase and resale agreement	1,584,775
Forward delivery agreement liabilities	2,164,242
Deferred rental liabilities	22,246,287
Accounts payable and accrued expenses	8,905,695
Accrued real estate taxes payable	2,100,993
Accrued interest payable	17,139,547
Rents received in advance	2,416,585
Tenants' security deposits	1,458,151
Payable to CalEast Air Cargo, LLC	208,211
Total liabilities	591,352,449
Member's equity	120,065,925
Total member's equity	120,065,925
Total liabilities and member's equity	\$ 711,418,374

Cargo Acquisition Company, LLC
Consolidated Statement of Operations
For the 9 months ended March 31, 2012

(unaudited)

Revenues

Rental	\$55,620,160
Tenant recovery income	22,526,876
Other income	151,350
Total revenues	<u>78,298,386</u>

Expenses

Ground and facility rent	20,774,944
Operating	8,090,935
Property management	2,806,403
Real estate taxes and insurance	4,684,470
General and administrative	1,196,993
Depreciation and amortization	29,304,276
Impairment loss	62,349,953
Total expenses	<u>129,207,974</u>

Other income / (expense)

Other income	768,779
Interest income	1,429,386
Interest expense	(32,090,803)
Unrealized gain on change in fair value of derivatives	917,949
Total other income / (expense)	<u>(28,974,689)</u>

Net loss(\$79,884,277)

Cargo Acquisition Company, LLC
Consolidated Statement of Changes in Member's Equity
As at March 31, 2012

	(unaudited)
Member's equity, as of June 30, 2011	\$ 203,183,525
Contributions	647,677
Distributions	(3,881,000)
Net loss	(79,884,277)
Member's equity, as of March 31, 2012	<u>\$ 120,065,925</u>

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APPENDIX H – TOTAL REVENUES PER FACILITY

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APPENDIX H – TOTAL REVENUES PER FACILITY

	TriPs Portfolio: Total Revenues Per Facility*											
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Anchorage	\$ 548,840	\$ 667,401	\$ 772,632	\$ 1,024,279	\$ 1,238,867	\$ 1,281,861	\$ 1,341,841	\$ 1,380,654	\$ 1,386,887	\$ 1,446,206	\$ 1,464,190	\$ 1,486,780
Boylston	875,428	877,385	879,381	881,417	881,794	865,202	867,362	869,566	871,815	872,451	856,570	858,956
DFW Fee	518,159	434,646	517,934	548,793	548,737	603,435	602,141	616,930	645,681	662,824	652,139	683,592
DFW I	1,052,395	1,191,218	1,301,339	1,223,179	1,337,874	1,392,964	1,440,520	980,461	232,227	235,716	242,011	248,478
DFW II (1830 - 1850)	1,176,787	1,179,033	1,220,475	1,280,882	1,312,383	1,347,244	1,140,149	1,147,907	1,223,705	1,254,792	1,278,005	1,178,568
DFW III	2,616,915	3,216,966	3,139,575	3,803,387	3,927,851	4,113,036	4,190,192	4,256,355	4,676,343	4,786,756	4,968,866	5,050,593
Ft. Lauderdale	2,970,021	2,912,063	2,851,886	2,911,058	3,162,743	3,234,516	3,320,411	3,408,488	3,586,605	3,678,619	3,746,796	3,909,412
Ft. Myers	356,652	346,634	414,176	432,764	460,898	477,091	453,592	497,055	524,609	553,901	573,617	567,496
Harrisburg	872,402	934,467	940,414	772,486	859,722	880,086	898,086	914,860	832,640	963,109	987,822	1,007,737
Houston Central	2,746,175	3,053,771	3,372,202	3,138,841	3,262,278	3,589,177	3,701,294	4,061,673	4,330,261	4,311,102	4,424,345	4,514,760
Houston East I	2,165,480	2,198,013	2,027,859	2,249,955	2,261,537	2,325,487	2,209,491	2,638,480	2,730,097	2,795,894	2,869,501	2,982,116
Houston East II	1,646,973	2,053,751	2,181,081	2,256,114	2,306,072	2,347,626	2,348,392	2,546,796	2,492,110	2,631,065	2,686,745	2,693,247
Houston - Greensmor	1,991,700	2,185,402	2,328,999	2,221,348	2,316,521	2,483,034	2,282,028	2,434,078	2,616,379	2,456,873	2,597,729	2,773,633
JFK	24,094,579	24,503,936	25,445,624	24,501,602	24,457,233	25,454,885	24,122,619	23,516,946	24,084,002	24,690,816	25,451,199	26,042,316
Kansas City	840,333	1,043,895	1,108,836	1,123,342	1,177,891	1,243,132	1,086,978	1,168,659	1,178,776	1,168,129	1,258,928	1,186,943
Louisville	2,356,271	2,471,381	2,586,490	2,610,374	2,682,026	2,729,794	1,821,602	0	0	0	0	0
Miami I	9,614,637	9,668,221	9,723,146	9,779,443	10,467,046	10,615,074	10,675,701	10,737,842	10,801,537	10,227,453	10,187,268	10,255,862
Miami II	3,087,985	3,112,973	3,132,439	3,152,385	3,442,936	3,482,307	3,503,765	3,525,750	3,548,279	3,158,477	3,113,251	3,126,603
Milwaukee	1,405,945	1,616,942	1,499,620	1,694,276	1,827,495	1,899,956	1,960,565	2,026,052	1,870,439	2,098,638	2,173,112	2,223,590
New Orleans 1-5	1,073,446	1,022,733	1,085,406	1,136,956	1,219,024	1,240,997	1,247,645	1,226,959	1,315,782	1,369,610	1,444,525	1,470,317
New Orleans 7	915,836	1,021,199	1,095,779	1,034,589	1,251,822	1,300,398	1,302,002	1,362,659	1,368,502	1,332,482	1,458,468	1,461,555
Newark	10,505,833	9,472,570	9,401,672	10,086,457	10,340,301	10,127,540	10,174,989	11,263,025	11,514,724	0	0	0
Norfolk	1,806,894	2,125,765	2,111,282	2,161,530	2,261,470	2,372,971	2,564,239	2,564,187	2,729,738	2,789,955	2,836,138	2,912,576
O'Hare Express Center	6,076,549	6,636,455	6,690,784	6,934,096	6,778,399	7,293,363	7,522,010	7,474,004	7,952,937	7,723,404	8,400,666	8,622,830
O'Hare Upper Express	4,307,926	4,207,026	4,210,991	4,559,345	4,657,393	4,445,426	4,411,046	4,496,181	4,589,040	4,854,519	5,124,835	5,222,137
O'Hare Land	243,899	630,442	680,487	687,996	725,229	750,989	885,606	897,394	938,705	942,169	985,555	989,181
Oklahoma	787,231	719,762	749,172	763,355	698,139	715,893	727,504	740,462	766,530	753,256	519,989	0
Orlando I	881,244	1,107,672	1,368,377	1,428,022	1,436,917	1,399,099	1,430,579	1,577,050	1,658,934	1,696,317	1,395,252	1,396,247
Orlando II	977,528	958,595	935,714	927,847	886,139	901,673	939,651	969,598	1,017,549	1,023,782	1,026,136	1,076,319
Pensacola	104,858	115,455	141,862	157,941	165,529	157,715	160,595	158,399	169,926	170,785	174,734	178,501
Philadelphia C-7	2,880,213	3,452,582	3,584,178	3,594,203	3,678,919	3,873,354	3,899,174	3,958,373	3,824,248	4,020,850	4,104,997	4,171,173
Philadelphia C-8	2,903,121	3,114,304	3,168,589	3,235,395	3,316,534	3,370,938	3,500,126	3,580,996	3,153,196	3,519,806	3,591,760	3,711,982
Philadelphia FedEx	1,288,022	1,295,633	1,303,396	1,311,314	1,305,548	1,303,897	1,312,300	1,320,871	1,329,614	1,324,688	1,323,895	1,333,173
Portland I	787,744	898,614	912,895	923,050	940,957	986,422	1,026,084	2,116,449	0	0	0	0
Portland II	273,510	221,205	359,926	368,232	369,128	377,657	336,114	384,217	398,080	407,147	416,420	381,607
Portland, ME	254,691	261,637	220,504	272,705	279,394	286,248	293,270	300,466	307,838	315,391	323,131	331,063
Rickenbacker	1,243,248	1,248,105	1,100,498	1,614,062	1,652,946	1,692,782	1,733,596	1,775,411	1,821,081	1,864,972	1,909,941	1,956,012
South Bend	236,163	238,028	238,028	244,013	246,008	246,008	246,008	246,008	255,894	290,556	290,579	290,603
Syracuse	2,413,917	2,435,630	2,529,246	2,547,483	2,530,440	2,142,464	2,302,860	2,381,348	2,447,076	2,612,303	2,719,423	3,081,700
Total	\$ 100,899,550	\$ 104,851,510	\$ 107,332,894	\$ 109,594,516	\$ 112,672,140	\$ 115,351,741	\$ 113,982,127	\$ 115,522,609	\$ 115,191,786	\$ 105,004,813	\$ 107,578,538	\$ 109,377,658

TriPs Portfolio: Total Revenues Per Facility*

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Anchorage	\$ 1,526,286	\$ 1,541,975	\$ 1,617,732	\$ 1,640,075	\$ 1,668,121	\$ 1,718,435	\$ 1,736,135	\$ 1,837,631	\$ 1,849,094	\$ 1,920,860	\$ 1,873,240	\$ 835,861
Boylston	861,390	863,872	794,203	1,275,751	1,426,871	1,461,804	1,497,598	1,534,271	1,571,844	1,610,342	1,649,786	1,690,201
DFW Fee	696,373	706,967	709,783	701,991	737,036	756,076	775,123	795,252	786,832	825,816	846,712	870,226
DFW I	255,122	214,927	264,819	271,897	279,169	286,642	241,981	297,534	305,493	313,672	322,071	22,705
DFW II (1830 - 1850)	1,179,093	664,422	0	0	0	0	0	0	0	0	0	0
DFW III	4,813,142	5,281,836	5,406,530	5,613,203	5,323,549	0	0	0	0	0	0	0
Ft. Lauderdale	4,036,232	4,143,230	4,253,570	4,296,595	4,439,397	4,623,407	4,599,456	4,829,513	33,394	0	0	0
Ft. Myers	572,039	638,030	660,331	690,009	715,665	642,335	764,614	462,218	0	0	0	0
Harrisburg	1,031,567	923,353	1,082,228	1,111,947	1,134,451	1,164,627	340,048	0	0	0	0	0
Houston Central	1,011,819	0	0	0	0	0	0	0	0	0	0	0
Houston East I	2,684,511	3,047,397	3,153,244	3,227,307	3,359,969	3,030,403	3,436,902	3,552,827	3,636,942	3,853,636	3,505,805	3,944,165
Houston East II	2,869,423	2,760,406	2,801,362	2,878,708	2,920,687	3,067,249	3,056,481	3,164,165	3,277,299	3,376,511	3,498,109	3,544,860
Houston - Greensmor	2,689,189	2,754,998	2,936,559	2,942,027	2,920,210	3,114,892	3,168,417	3,161,899	3,285,155	3,455,996	3,319,887	3,512,235
JFK	26,899,795	27,666,546	27,782,081	29,250,625	25,723	0	0	0	0	0	0	0
Kansas City	1,314,220	1,326,106	1,314,063	1,416,222	1,346,989	1,466,972	369,175	0	0	0	0	0
Louisville	0	0	0	0	0	0	0	0	0	0	0	0
Miami I	10,326,170	10,398,235	1,313,922	0	0	0	0	0	0	0	0	0
Miami II	3,140,280	3,154,291	391,821	0	0	0	0	0	0	0	0	0
Milwaukee	2,089,250	0	0	0	0	0	0	0	0	0	0	0
New Orleans 1-5	1,449,432	634,022	0	0	0	0	0	0	0	0	0	0
New Orleans 7	1,529,863	1,559,916	1,471,675	1,645,016	1,648,586	1,725,575	1,767,231	1,645,479	1,848,145	1,857,998	1,944,749	1,991,728
Newark	0	0	0	0	0	0	0	0	0	0	0	0
Norfolk	2,891,210	3,074,523	3,136,836	3,224,730	3,180,361	3,301,709	1,683,520	0	0	0	0	0
O'Hare Express Center	8,385,962	8,807,587	9,300,913	8,986,580	9,743,499	9,898,267	10,066,820	10,551,879	10,190,162	11,058,425	11,305,497	10,883,742
O'Hare Upper Express	5,321,802	4,866,236	5,085,196	5,324,717	5,017,051	5,529,692	5,532,474	5,664,346	5,708,655	6,073,639	6,221,040	6,223,224
O'Hare Land	1,034,746	1,038,539	1,089,692	1,116,839	1,120,987	1,172,588	1,176,929	1,231,122	1,235,662	1,292,580	1,297,330	1,357,107
Oklahoma	0	0	0	0	0	0	0	0	0	0	0	0
Orlando I	1,486,838	1,523,208	1,550,539	1,482,705	1,552,203	1,674,576	1,736,462	1,767,483	274,461	0	0	0
Orlando II	1,075,940	1,154,690	1,166,140	1,155,702	1,220,460	1,268,665	1,282,200	1,316,081	1,309,108	1,383,209	1,438,964	1,460,085
Pensacola	177,223	95,324	0	0	0	0	0	0	0	0	0	0
Philadelphia C-7	4,225,793	290,932	0	0	0	0	0	0	0	0	0	0
Philadelphia C-8	3,804,627	3,432,402	3,990,636	4,006,812	4,161,220	4,269,776	2,143,553	0	0	0	0	0
Philadelphia FedEx	1,342,636	1,352,288	1,335,990	1,868,266	1,912,412	1,957,610	2,003,887	2,051,266	2,099,775	2,149,443	2,200,295	2,252,361
Portland I	0	0	0	0	0	0	0	0	0	0	0	0
Portland II	420,178	444,520	340,989	0	0	0	0	0	0	0	0	0
Portland, ME	280,401	346,383	354,887	363,600	372,524	381,674	391,045	400,648	410,488	420,571	393,342	410,941
Rickenbacker	1,656,953	2,092,123	2,142,606	2,194,325	2,247,314	2,301,606	2,360,848	2,417,838	2,476,229	2,536,053	2,597,347	2,211,763
South Bend	290,628	273,808	388,725	433,058	441,886	450,934	469,730	482,410	492,153	502,140	512,375	533,906
Syracuse	3,130,332	3,228,769	3,277,236	3,062,300	3,367,902	3,417,000	3,541,950	3,634,428	3,390,722	41,869	0	0
Total	\$ 106,500,465	\$ 100,301,862	\$ 89,114,308	\$ 90,181,007	\$ 62,284,242	\$ 58,682,514	\$ 54,142,578	\$ 50,798,290	\$ 44,181,613	\$ 42,672,760	\$ 42,926,549	\$ 41,745,110

	TriPs Portfolio: Total Revenues Per Facility*					
	2037	2038	2039	2040	2041	2042
Anchorage	\$ 673,464	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Boylston	1,731,609	1,470,242	1,810,835	1,855,206	1,900,669	1,947,251
DFW Fee	892,741	883,754	933,820	955,381	961,676	1,003,820
DFW I	0	0	0	0	0	0
DFW II (1830 - 1850)	0	0	0	0	0	0
DFW III	0	0	0	0	0	0
Ft. Lauderdale	0	0	0	0	0	0
Ft. Myers	0	0	0	0	0	0
Harrisburg	0	0	0	0	0	0
Houston Central	0	0	0	0	0	0
Houston East I	4,081,867	4,175,009	4,347,426	3,948,896	4,436,093	4,589,304
Houston East II	3,704,276	3,764,932	3,910,604	3,833,240	3,986,709	4,173,409
Houston - Greensmor	3,800,700	3,518,933	3,755,136	4,030,698	3,792,036	4,022,273
JFK	0	0	0	0	0	0
Kansas City	0	0	0	0	0	0
Louisville	0	0	0	0	0	0
Miami I	0	0	0	0	0	0
Miami II	0	0	0	0	0	0
Milwaukee	0	0	0	0	0	0
New Orleans 1-5	0	0	0	0	0	0
New Orleans 7	1,887,283	2,046,336	2,087,995	2,196,608	2,249,715	2,132,310
Newark	0	0	0	0	0	0
Norfolk	0	0	0	0	0	0
O'Hare Express Center	11,664,104	11,483,372	12,417,999	12,738,481	12,612,188	13,413,834
O'Hare Upper Express	6,421,359	6,689,118	6,358,359	6,744,508	7,006,297	7,285,983
O'Hare Land	1,362,075	1,424,858	1,430,055	1,500,537	1,537,929	1,543,616
Oklahoma	0	0	0	0	0	0
Orlando I	0	0	0	0	0	0
Orlando II	1,486,076	1,510,471	1,549,960	1,631,618	1,655,288	1,695,854
Pensacola	0	0	0	0	0	0
Philadelphia C-7	0	0	0	0	0	0
Philadelphia C-8	0	0	0	0	0	0
Philadelphia FedEx	1,917,318	2,353,093	2,408,798	2,465,833	2,524,232	2,584,025
Portland I	0	0	0	0	0	0
Portland II	0	0	0	0	0	0
Portland, ME	459,746	471,046	482,623	494,485	506,641	519,098
Rickenbacker	2,718,782	2,784,458	2,851,752	2,920,697	2,995,971	3,068,346
South Bend	454,481	557,525	568,779	580,312	0	0
Syracuse	0	0	0	0	0	0
	\$ 43,255,881	\$ 43,133,147	\$ 44,914,141	\$ 45,896,500	\$ 46,165,444	\$ 47,979,123

* For a description of the assumptions made in preparing this chart, see "PART II – INFORMATION RELATING TO BOTH THE SERIES 2012A NYC IDA BONDS AND THE SERIES 2012 PFA BONDS – PROJECTED CASH FLOWS."

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