NEW ISSUES
FULL BOOK-ENTRY

Ratings: See "RATINGS" herein.

DAC Bond

DETROIT METRO • WILLOW RUN
WAYNE COUNTY AIRPORT AUTHORITY

$278,065,000
WAYNE COUNTY AIRPORT AUTHORITY
Airport Revenue Bonds
(Detroit Metropolitan Wayne County Airport), Series 2012A-D
consisting of:

$177,565,000
Airport Revenue Bonds
Series 2012A (Non-AMT)

$25,090,000
Airport Revenue Bonds
Series 2012B (AMT)

$3,885,000
Airport Revenue Refunding Bonds
Series 2012C (Non-AMT)

$71,525,000
Airport Revenue Refunding Bonds
Series 2012D (AMT)

Dated: Date of Delivery

Due: December 1, as shown on the inside cover page

The Wayne County Airport Authority (the "Authority") is issuing the Series 2012 Bonds (as defined herein) pursuant to its Master Bond Ordinance, the Series 2010 Refunding Ordinance and the Series 2012 Ordinance (each as defined herein) to provide funds, together with other available funds, to (i) with respect to the Series 2012A Bonds and the Series 2012B Bonds (each as defined herein), pay all or portions of the costs of acquiring, constructing and installing the Series 2012 Projects (as defined herein), (ii) with respect to the Series 2012C Refunding Bonds and the Series 2012D Refunding Bonds (each as defined herein), refund all or portions of the Outstanding Prior Bonds (as defined herein), (iii) pay capitalized interest on a portion of the Series 2012A Bonds and the Series 2012B Bonds, and (iv) pay certain costs of issuance of the Series 2012 Bonds. The Series 2012 Bonds are revenue obligations of the Authority payable from the Net Revenues derived by the Authority from the operation of the Detroit Metropolitan Wayne County Airport (the "Airport"). U.S. Bank National Association is trustee (the "Trustee") under the Master Bond Ordinance.

The Series 2012 Bonds are issuable as fully registered bonds in denominations of $5,000 or any integral multiple thereof. Interest on the Series 2012 Bonds is payable semiannually on June 1 and December 1 of each year, commencing June 1, 2013, until maturity or prior redemption. **The Series 2012 Bonds will be subject to optional, mandatory and extraordinary redemption prior to maturity in the manner and at the times set forth herein.**

For maturities, principal amounts, interest rates, yields and CUSIP numbers, see the inside cover page.

The Series 2012 Bonds, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company ("DTC"), to which principal, premium and interest payments will be made. DTC will act as securities depository for the Series 2012 Bonds. Purchasers of the Series 2012 Bonds will not receive certificates representing their purchased interests in the Series 2012 Bonds.

The scheduled payment of principal of and interest on the portion of the Series 2012A Bonds maturing on December 1, 2042 bearing CUSIP No. 944514NS3 (the "Insured Bonds"), when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Bonds by ASSURED GUARANTY MUNICIPAL CORP. (the "Bond Insurer").

This cover page contains information for quick reference only. It is not a summary of this issue. Prospective purchasers must read the entire Official Statement to obtain information essential to making an informed investment decision. See "INVESTMENT CONSIDERATIONS" for a discussion of certain factors that should be considered by prospective purchasers of the Series 2012 Bonds.

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C. ("Bond Counsel"), under existing law, and subject to the conditions described under the caption "TAX MATTERS" herein, (i) the interest on the Series 2012A Bonds and the Series 2012C Refunding Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; and (ii) the interest on the Series 2012B Bonds and the Series 2012D Refunding Bonds is excludable from gross income for federal income tax purposes (except for any period when the Series 2012B Bonds or the Series 2012D Refunding Bonds, respectively, are held by a "substantial user" of the Airport or a person deemed "related" thereto (as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code")), and is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations.

With respect to corporations (as defined for federal income tax purposes), the interest on the Series 2012 Bonds is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporation.

Bond Counsel is also of the opinion that, under existing law, the Series 2012 Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. See "TAX MATTERS" herein.

The Series 2012 Bonds are offered when, as and if issued by the Authority and received by the Underwriters (as defined herein), subject to receipt of the approving legal opinion of Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Authority by its General Counsel and for the Underwriters by Winston & Strawn LLP, Chicago, Illinois. Public Financial Management, Inc. and D+G Consulting Group, LLC have served as Financial Advisors to the Authority with regard to the issuance of the Series 2012 Bonds. It is expected that the Series 2012 Bonds, in book-entry form, will be available for delivery through DTC on or about September 6, 2012.

Underwriters with respect to the Series 2012A Bonds and the Series 2012B Bonds:

Citigroup

J.P. Morgan
BofA Merrill Lynch

Siebert Brandford Shank & Co., L.L.C.
Loop Capital Markets

Underwriters with respect to the Series 2012C Refunding Bonds and the Series 2012D Refunding Bonds:

Citigroup

J.P. Morgan
Wells Fargo Securities

Siebert Brandford Shank & Co., L.L.C.
Loop Capital Markets

August 24, 2012

MATURITIES, CUSIP NUMBERS[+], PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES

$177,565,000
SERIES 2012A BONDS (NON-AMT)

Maturity (December 1)	CUSIP No.[+]	Amount	Interest Rate	Price
2016	944514MX3	$ 100,000	3.000%	107.454%
2017	944514MY1	3,480,000	5.000	117.669
2018	944514MZ8	3,645,000	5.000	117.953
2019	944514NA2	3,820,000	5.000	117.827
2020	944514NB0	4,020,000	5.000	117.362
2021	944514NC8	4,235,000	5.000	116.904
2022	944514ND6	4,425,000	5.000	117.318
2023	944514NE4	4,645,000	5.000	116.170*
2024	944514NF1	4,875,000	5.000	115.412*
2025	944514NG9	5,120,000	5.000	114.660*
2026	944514NH7	5,380,000	5.000	114.007*
2027	944514NJ3	5,655,000	5.000	113.358*
2028	944514NK0	5,935,000	5.000	112.714*
2029	944514NN4	6,245,000	5.000	112.165*
2030	944514NP9	6,540,000	5.000	111.620*
2031	944514NQ7	6,870,000	5.000	111.078*
2032	944514NR5	7,225,000	5.000	110.539*

$41,895,000 Term Bond Due December 1, 2037; Interest Rate: 5.000%; Price: 108.501%*, CUSIP No.: 944514NL8

$20,000,000 Term Bond Due December 1, 2042; Interest Rate: 5.000%; Price: 107.977%*, CUSIP No.: 944514NM6

$33,455,000 Insured Term Bond Due December 1, 2042; Interest Rate: 5.000%; Price: 109.116%*, CUSIP No.: 944514NS3

* Priced to call on December 1, 2022.

$25,090,000
SERIES 2012B BONDS (AMT)

Maturity December 1	CUSIP No.[+]	Amount	Interest Rate	Price
2016	944514NT1	$100,000	5.000%	113.430%
2017	944514NU8	700,000	5.000	114.679
2018	944514NV6	735,000	5.000	114.473
2019	944514NW4	780,000	5.000	113.894
2020	944514NX2	810,000	5.000	113.401
2021	944514NY0	850,000	5.000	112.586
2022	944514NZ7	890,000	5.000	112.622

$6,375,000 Term Bond Due December 1, 2028; Interest Rate: 5.000%; Price: 108.238%*, CUSIP No.: 944514PA0

$5,415,000 Term Bond Due December 1, 2032; Interest Rate: 5.000%; Price: 106.422%*, CUSIP No.: 944514PB8

$8,435,000 Term Bond Due December 1, 2037; Interest Rate: 5.000%; Price: 104.225%*, CUSIP No.: 944514PC6

* Priced to call on December 1, 2022.

$3,885,000
SERIES 2012C REFUNDING BONDS (NON-AMT)

Maturity December 1	CUSIP No.+	Amount	Interest Rate	Price
2013	944514PD4	$2,230,000	3.000%	102.900%
2014	944514PE2	215,000	3.000	104.888
2015	944514PF9	220,000	3.000	106.417
2016	944514PG7	225,000	3.000	107.454
2017	944514PH5	235,000	4.000	112.649
2018	944514PJ1	245,000	4.000	112.104
2019	944514PK8	255,000	4.000	111.199
2020	944514PL6	260,000	4.000	110.004

$71,525,000
SERIES 2012D REFUNDING BONDS (AMT)

Maturity December 1	CUSIP No +	Amount	Interest Rate	Price
2013	944514PM4	$6,470,000	3.000%	102.599%
2014	944514PN2	7,000,000	5.000	108.728
2015	944514PP7	7,065,000	5.000	111.416
2016	944514PQ5	4,960,000	5.000	113.430
2017	944514PR3	5,240,000	5.000	114.679
2018	944514PS1	5,490,000	5.000	114.473
2019	944514PT9	5,560,000	5.000	113.894
2028	944514PU6	29,740,000	5.000	108.238*

* Priced to call on December 1, 2022.

WAYNE COUNTY AIRPORT AUTHORITY
DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

AUTHORITY BOARD MEMBERS

Mary L. Zuckerman, Chairperson
Alfred R. Glancy III, Vice Chairperson
Suzanne K. Hall, Secretary
Michael J. Jackson, Sr.
Samuel A. Nouhan
Bernard F. Parker, Jr.
Charlie J. Williams

AUTHORITY STAFF

Thomas J. Naughton	Interim Chief Executive Officer
Terrence P. Teifer	Chief Financial Officer
Mark L. DeBeau	Senior Vice President – Public Safety
Jon Hypnar	Chief Operating Officer
Marcus S. Kemper	Senior Vice President – Planning and Development
Emily K. Neuberger	Senior Vice President and General Counsel
Arun Gulati	Vice President – Technology Services
Gale L. LaRoche	Vice President – Human Resources
Istakur Rahman	Vice President – Internal Audit
Dina A. Reed	Vice President – Financial Planning and Analysis
Wayne G. Sieloff	Vice President – Strategic Planning and Development
Margaret M. Basrai	Controller

FINANCIAL ADVISORS

Public Financial Management, Inc.
D+G Consulting Group, LLC

BOND COUNSEL

Miller, Canfield, Paddock and Stone, P.L.C.

AIRPORT CONSULTANT

Ricondo & Associates, Inc.

REGARDING THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offer to sell, or the solicitation of an offer to buy, any Series 2012 Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, salesman or other person has been authorized by the Wayne County Airport Authority (the "Authority") or the Underwriters (as defined herein) to give any information or to make any representation other than that contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the Authority or any other person. The information set forth herein has been obtained from the Authority, Assured Guaranty Municipal Corp. (the "Bond Insurer") (as to itself and the Municipal Bond Insurance Policy), The Depository Trust Company ("DTC") and other sources that are believed to be reliable, but the accuracy or completeness of the information is not guaranteed and the information is not to be construed as a representation by the Underwriters (as defined herein). The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the affairs of the Authority or the Airport or the other matters described herein since the date hereof.

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

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Insured Bonds or the advisability of investing in the Insured Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE POLICY FOR CERTAIN SERIES 2012A BONDS" and "APPENDIX H – "SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

Any statements made in this Official Statement, including the Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information based on the Authority's beliefs as well as assumptions made by and information currently available to the Authority. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

CUSIP numbers are included in this Official Statement for the convenience of the holders and potential holders of the Series 2012 Bonds. No assurance can be given that the CUSIP numbers for the Series 2012 Bonds will remain the same after the date of issuance and delivery of the Series 2012 Bonds.

The Series 2012 Bonds have not been registered under the Securities Act of 1933, as amended, nor has the Master Bond Ordinance (as defined herein) or the Series 2012 Ordinance (as defined herein) been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such Acts. The registration or qualification of the Series 2012 Bonds in accordance with applicable provisions of securities law of the states in which the Series 2012 Bonds have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof.

In making an investment decision, investors must rely on their own examination of the Authority, the Bond Insurer, DTC and the terms of the offering, including the merits and risks involved. The Series 2012 Bonds have not been recommended by any Federal or State securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary may be a criminal offense.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2012 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2012 BONDS AT A LEVEL ABOVE THE LEVEL THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT NOTICE. THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE SERIES 2012 BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS AFTER THE SERIES 2012 BONDS ARE RELEASED FOR SALE, AND THE SERIES 2012 BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE SERIES 2012 BONDS INTO INVESTMENT ACCOUNTS.

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$278,065,000
WAYNE COUNTY AIRPORT AUTHORITY
Airport Revenue Bonds
(Detroit Metropolitan Wayne County Airport), Series 2012A-D

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INTRODUCTION

General

This Official Statement is furnished in order to set forth certain information in connection with the offering and sale by the Wayne County Airport Authority (the "Authority") of its $278,065,000 aggregate principal amount of Airport Revenue Bonds (Detroit Metropolitan Wayne County Airport), Series 2012A-D (the "Series 2012 Bonds"), consisting of $177,565,000 aggregate principal amount of Airport Revenue Bonds (Detroit Metropolitan Wayne County Airport), Series 2012A (the "Series 2012A Bonds"), $25,090,000 aggregate principal amount of Airport Revenue Bonds (Detroit Metropolitan Wayne County Airport), Series 2012B (the "Series 2012B Bonds"), $3,885,000 aggregate principal amount of Airport Revenue Refunding Bonds (Detroit Metropolitan Wayne County Airport), Series 2012C (the "Series 2012C Refunding Bonds"), and $71,525,000 aggregate principal amount of Airport Revenue Refunding Bonds (Detroit Metropolitan Wayne County Airport), Series 2012D (the "Series 2012D Refunding Bonds"). The scheduled payment of principal of and interest on the portion of the Series 2012A Bonds maturing on December 1, 2042 bearing CUSIP No. 944514NS3 (the "Insured Bonds"), when due, will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Bonds by Assured Guaranty Municipal Corp. (the "Bond Insurer"). The Series 2012 Bonds, excluding the Insured Bonds, are sometimes referred to herein as the "Uninsured Bonds."

Unless otherwise indicated, capitalized terms used in this Official Statement have the meanings established in the Ordinance (as defined below). See APPENDIX C — "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE, THE SERIES 2010 REFUNDING ORDINANCE AND THE SERIES 2012 ORDINANCE — MASTER BOND ORDINANCE — Selected Definitions", " — SERIES 2010 REFUNDING ORDINANCE — Selected Definitions" and " — SERIES 2012 ORDINANCE — Selected Definitions." This Official Statement includes the cover page and Appendices hereto.

The Authority and the Airport

The Authority is a political subdivision and instrumentality of the Charter County of Wayne, Michigan (the "County"), which owns the primary property comprising the Detroit Metropolitan Wayne County Airport (the "Airport"), and also owns Willow Run Airport (together with the Airport, the "Airports"). Until August 9, 2002, the County operated the Airports. Pursuant to that part of Act 327, Michigan Public Acts of 1945, as amended ("Act 327" or the "State Aeronautics Code"), known as the Public Airport Authority Act, Act 90, Michigan Public Acts of 2002 (the "Authority Act"), the Authority has sole operational jurisdiction of the Airports, with the exclusive right, responsibility and authority to occupy, operate, control and use the Airports.

Pursuant to the Authority Act, the Authority is liable for all of the obligations with respect to the Airports, with the exception of the County's pledge of its limited tax full faith and credit ("LTGO"), subject to constitutional, statutory and charter tax rate limitations, associated with the Outstanding Airport Hotel Revenue Bonds (LTGO), Series 2001A, and the Outstanding Airport Hotel Revenue Bonds (LTGO), Series 2001B, issued by the County. As of July 1, 2012, the aggregate principal amount of Outstanding Airport Hotel Revenue Bonds (LTGO), Series 2001A and Outstanding Airport Hotel Revenue Bonds (LTGO), Series 2001B was $99,630,000 and $7,310,000, respectively. In addition to its liability with respect to the Outstanding Senior Lien Bonds (as defined herein) and Junior Lien Bonds (as defined herein) issued by the Authority, the Authority also is liable for all of the County's obligations on the Outstanding Senior Lien Bonds issued by the County in 1998 and 2002 under the County's Amended and Restated Master Airport Revenue Bond Ordinance No. 319 and its predecessor Ordinance 319, as amended and supplemented by various amending and supplemental ordinances adopted by the County (collectively, "Ordinance 319"). Pursuant to the Authority Act, the Authority is obligated to perform all of the duties, and is bound by all of the covenants, with respect to the Airports under any ordinances (including Ordinance 319), agreements or other instruments and under law. Under the Authority Act, all airport revenue bonds issued by the Authority may be issued on a parity basis with the Outstanding Senior Lien Bonds issued by the County under Ordinance 319 and Additional Bonds issued by the Authority under the Master Bond Ordinance (as defined herein), and secured by Net Revenues (as such term is defined in " — Security for the Series 2012 Bonds" below).

As described in the Report of the Airport Consultant (as defined herein), the primary air trade area for the Airport consists of the Ann Arbor Metropolitan Statistical Area ("MSA") (which includes Washtenaw County); the Detroit-Warren-Livonia MSA (which includes Lapeer, Livingston, Macomb, Oakland, St. Clair and Wayne Counties); the Flint MSA (which includes Genesee County); the Monroe MSA (which includes Monroe County); and the Adrian Micropolitan Statistical Area (which includes Lenawee County). This 10-county area (the "Air Trade Area") is located within the State of Michigan (the "State").

The Airport currently provides air service from two terminal buildings, the Edward H. McNamara Terminal (the "McNamara Terminal"), which opened on February 26, 2002, and the North Terminal, which opened on September 17, 2008, and related concourses. The Airport currently operates with six runways.

According to Airports Council International N.A. ("ACI"), in calendar year 2011 the Airport ranked 17th nationwide in total passengers, enplaning and deplaning 32,406,159 passengers, an increase of approximately 0.1 percent over calendar year 2010. Also according to ACI, in calendar year 2011, the Airport ranked 11th nationwide in total aircraft operations, with 443,028 takeoffs and landings, a decrease of approximately 2.1 percent as compared to calendar year 2010.

According to Federal Aviation Administration (the "FAA") preliminary statistics for calendar year 2011, the Airport ranked 17th in the United States in enplaned passengers, with 15,716,865 enplaned passengers, an increase of 0.47 percent as compared to calendar year 2010. According to the Authority, in Operating Year+ 2011, enplaned passengers at the Airport totaled 16,226,201, an increase of approximately 2.2 percent as compared to Operating Year 2010. Also according to the Authority, the number of domestic enplaned passengers at the Airport grew approximately 2.1 percent in Operating Year 2011. Despite significant travel interruptions resulting from the Asian earthquake and tsunami disasters that occurred in March 2011, international enplaned passengers at the Airport in Operating Year 2011 increased by approximately 3.7 percent as compared to Operating Year 2010.

Based upon nine months of Authority data for Operating Year 2012, total enplanements at the Airport have increased 0.5 percent, as compared to the same period in Operating Year 2011, with 11,878,804 enplaned passengers through June 2012 as compared to 11,819,268 enplaned passengers through June 2011. Domestic enplanements for the same nine-month period in Operating Year 2012 also grew 0.1 percent, as compared to the same period in Operating Year 2011, while international enplanements for the nine-month period ended June 2012 increased 4.5 percent as compared to the nine-month period ended June 2011.

Delta Air Lines, Inc. ("Delta") maintains its second busiest connecting hub and an international gateway at the Airport. In 2008, a wholly-owned subsidiary of Delta merged with and into Northwest Airlines Corporation, with the result that Northwest Airlines Corporation and its wholly-owned subsidiaries, including Northwest Airlines, Inc. ("Northwest"), became wholly-owned subsidiaries of Delta. In December 2009, Northwest merged with and into Delta and, subsequently, the Northwest brand was phased out and the merged airline operates under the Delta name and brand. Delta and its affiliated regional carriers (the "Delta Connection Carriers") accounted for approximately 79.5% of the total enplaned passengers at the Airport in Operating Year 2011. See "INVESTMENT CONSIDERATIONS — Delta's Presence at the Airport" below.

+ The Authority's Operating Year ends on September 30.

The Series 2012 Bonds

The Authority is issuing the Series 2012 Bonds pursuant to the provisions of the State Aeronautics Code and Act 94, Public Acts of Michigan, 1933, as amended ("Act 94," and together with the State Aeronautics Code, the "Act"), the Master Airport Revenue Bond Ordinance adopted by the Board of the Authority (the "Board") on September 26, 2003, as amended (the "Master Bond Ordinance"), the Series 2010 Refunding Ordinance adopted by the Board on September 23, 2010 (the "Series 2010 Refunding Ordinance"), the Series 2012 Ordinance adopted by the Board on June 20, 2012 (the "Series 2012 Ordinance") and the Sale Order of the Interim Chief Executive Officer and Chief Financial Officer of the Authority dated August 24, 2012 relating to the Series 2012 Bonds (the "Sale Order," and, collectively with the Master Bond Ordinance, the Series 2010 Refunding Ordinance and the Series 2012 Ordinance, the "Ordinance"). The Master Bond Ordinance assumed, amended and restated, as an ordinance of the Authority, Ordinance 319. All Series of Outstanding Bonds issued by the County under Ordinance 319, all Outstanding Bonds issued by the Authority, the Series 2012 Bonds and any Additional Bonds issued by the Authority under the Master Bond Ordinance are collectively referred to herein as "Senior Lien Bonds." The Series 2007 Junior Lien Bonds and any Additional Junior Lien Bonds issued by the Authority under the Master Bond Ordinance are collectively referred to herein as "Junior Lien Bonds."

U.S. Bank National Association is Trustee under the Master Bond Ordinance.

Purpose of the Series 2012 Bonds

The Authority will use the proceeds from the sale of the Series 2012 Bonds, together with other available funds, to (i) with respect to the Series 2012A Bonds and the Series 2012B Bonds, pay all or portions of the costs of acquiring, constructing and installing the Series 2012 Projects (as defined herein), (ii) with respect to the Series 2012C Refunding Bonds and the Series 2012D Refunding Bonds, refund all or portions of the Outstanding Prior Bonds (as defined and described herein), (iii) pay capitalized interest on a portion of the Series 2012A Bonds and the Series 2012B Bonds, and (iv) pay certain costs of issuance of the Series 2012 Bonds.

Security for the Series 2012 Bonds

The Series 2012 Bonds are revenue obligations of the Authority. The Series 2012 Bonds will be secured by a lien on Net Revenues and will be secured equally and on a parity basis as to Net Revenues with all Outstanding Senior Lien Bonds and any Additional Bonds. Pursuant to the Master Bond Ordinance, the Authority has irrevocably pledged Net Revenues on a senior lien basis for the payment of the Series 2012 Bonds, Outstanding Senior Lien Bonds and any Additional Bonds, and on a junior lien basis for the payment of Outstanding Junior Lien Bonds and any Additional Junior Lien Bonds. "Net Revenues" for any period means the excess of Revenues of the Airport remaining after deducting the Operation and Maintenance Expenses of the Airport for such period.

As of July 1, 2012, without taking into account the impact of the issuance of the Series 2012 Bonds, the aggregate principal amount of Outstanding Senior Lien Bonds was $1,775,970,000, and the aggregate principal amount of Outstanding Junior Lien Bonds was $177,075,000. Following the issuance of the Series 2012 Bonds, the aggregate principal amount of Outstanding Senior Lien Bonds will be $1,972,305,000. As described under "SECURITY FOR THE SERIES 2012 BONDS," the Master Bond Ordinance requires the maintenance of a Bond Reserve Account to secure all of the Outstanding Senior Lien Bonds, including the Series 2012 Bonds. The Master Bond Ordinance also includes a rate covenant by the Authority, and permits the issuance of Additional Bonds on a parity basis with the Series 2012 Bonds and the other Outstanding Senior Lien Bonds, subject to meeting certain tests under the Master Bond Ordinance.

Bond Insurance for Insured Bonds

The scheduled payment of principal of and interest on the Insured Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Bonds by the Bond Insurer. See "BOND INSURANCE POLICY FOR CERTAIN SERIES 2012A BONDS" and APPENDIX H – "SPECIMEN MUNICIPAL BOND INSURANCE POLICY." **Payments on the Series 2012 Bonds not constituting Insured Bonds are not guaranteed by any insurance policy.**

Forward-Looking Statements

The statements contained in this Official Statement, and in any other information provided by the Authority, that are not purely historical, are forward-looking statements, including statements regarding the Authority's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Authority on the date hereof, and the Authority assumes no obligation to update any such forward-looking statements. It is important to note that the actual results of the Airport could differ materially from those in such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Authority. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

Additional Information

Brief descriptions of the Series 2012 Bonds, the Master Bond Ordinance, the Series 2010 Refunding Ordinance, the 2012 Ordinance and the Sale Order and certain other documents are included in this Official Statement and the appendices hereto. Such descriptions do not purport to be comprehensive or definitive. All references herein to such documents and any other documents, statutes, reports or other instruments described herein are qualified in their entirety by reference to each such document, statute, report or other instrument.

DESCRIPTION OF THE SERIES 2012 BONDS

General Provisions

The following is a summary of certain provisions of the Series 2012 Bonds. Reference is made to the Master Bond Ordinance, the Series 2010 Refunding Ordinance, the Series 2012 Ordinance and the Series 2012 Bonds for the complete terms thereof and to APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE, THE SERIES 2010 REFUNDING ORDINANCE AND THE SERIES 2012 ORDINANCE" for a more detailed description of such provisions.

Each of the Series of the Series 2012 Bonds will be dated its date of delivery, will be issuable as fully registered bonds in denominations of $5,000 or any integral multiple thereof and will bear interest from its date to its respective maturity in the amounts and at the interest rates set forth on the inside front cover of this Official Statement.

Interest on the Series 2012 Bonds shall be payable on June 1 and December 1 of each year, commencing June 1, 2013.

All payments of interest on the Series 2012 Bonds shall be paid to the registered owners entitled thereto by check or draft mailed to each registered owner at the address recorded on the registration books maintained by the Trustee as of the 15th day of the month prior to the Bond Payment Date. The principal of, and premium if any, on the Series 2012 Bonds are payable to the registered owners thereof, as shown on the registration books of the Authority maintained by the Trustee, upon maturity or prior redemption thereof and upon presentation and surrender thereof to the Trustee. Holders of at least $1,000,000 principal amount of the Series 2012 Bonds may request wire transfer of interest payments to a bank within the continental United States as directed by the Holder in writing to the Trustee.

U.S. Bank National Association is Trustee under the Ordinance. The designated corporate trust office for its duties as Trustee is located at 535 Griswold Street, Buhl Building, Suite 550, Detroit, Michigan 48226. Although the Trustee has accepted its duties as Trustee under the Ordinance, the Trustee has not reviewed this Official Statement and makes no representations as to the information contained herein.

The Series 2012 Bonds are issuable in fully registered form and are initially to be registered in the name of Cede & Co., as nominee for DTC, as securities depository for the Series 2012 Bonds. Purchases by beneficial owners of the Series 2012 Bonds ("Beneficial Owners") are to be made in book-entry form. Payments to Beneficial Owners are to be made as described in APPENDIX E – "BOOK-ENTRY SYSTEM."

Redemption Provisions

Series 2012A Bonds

Optional Redemption. The Series 2012A Bonds maturing on and after December 1, 2023 are subject to redemption by the Authority in whole or in part at any time prior to maturity at the option of the Authority and by lot within a maturity in such manner as the Trustee may determine on any date on or after December 1, 2022 at the principal amount thereof and interest accrued thereon to the date fixed for redemption without premium.

Mandatory Sinking Fund Redemption. The Series 2012A Bonds maturing in the years 2037 and 2042 are subject to Mandatory Sinking Fund Redemption prior to maturity, by lot in such manner as the Trustee may determine, at a redemption price of 100% of the principal amount thereof plus interest accrued to the date fixed for redemption, on the dates and in the principal amounts as follows:

$41,895,000 5.000% Term Bond Due December 1, 2037

Year	Principal Amount
2033	$ 7,585,000
2034	7,955,000
2035	8,360,000
2036	8,780,000
2037†	9,215,000

$20,000,000 5.000% Term Bond Due December 1, 2042

Year	Principal Amount
2038	$ 3,620,000
2039	3,800,000
2040	3,990,000
2041	4,190,000
2042†	4,400,000

$33,455,000 5.000% Insured Term Bond Due December 1, 2042

Year	Principal Amount
2038	$ 6,055,000
2039	6,350,000
2040	6,680,000
2041	7,010,000
2042†	7,360,000

† Final maturity

The amounts to be so redeemed may be reduced by the principal amounts of the Series 2012A Bonds theretofore redeemed (otherwise than through operation of the Mandatory Sinking Fund Redemption described above), or otherwise acquired and delivered to the Trustee, at least 45 days prior to the payment date for credit against the Mandatory Sinking Fund Redemption described above and shall be applied in direct order of date of redemption.

Series 2012B Bonds

Optional Redemption. The Series 2012B Bonds maturing on and after December 1, 2023 are subject to redemption by the Authority in whole or in part at any time prior to maturity at the option of the Authority and by lot within a maturity in such manner as the Trustee may determine on any date on or after December 1, 2022 at the principal amount thereof and interest accrued thereon to the date fixed for redemption without premium.

Mandatory Sinking Fund Redemption. The Series 2012B Bonds maturing in the years 2028, 2032 and 2037 are subject to Mandatory Sinking Fund Redemption prior to maturity, by lot in such manner as the Trustee may determine, at a redemption price of 100% of the principal amount thereof plus interest accrued to the date fixed for redemption, on the dates and in the principal amounts as follows:

$6,375,000 5.000% Term Bond Due December 1, 2028

Year	Principal Amount
2023	$ 940,000
2024	985,000
2025	1,030,000
2026	1,085,000
2027	1,140,000
2028†	1,195,000

$5,415,000 5.000% Term Bond Due December 1, 2032

Year	Principal Amount
2029	$ 1,260,000
2030	1,315,000
2031	1,385,000
2032†	1,455,000

$8,435,000 5.000% Term Bond Due December 1, 2037

Year	Principal Amount
2033	$ 1,530,000
2034	1,600,000
2035	1,680,000
2036	1,765,000
2037†	1,860,000

† Final maturity

The amounts to be so redeemed may be reduced by the principal amounts of the Series 2012B Bonds theretofore redeemed (otherwise than through operation of the Mandatory Sinking Fund Redemption described above), or otherwise acquired and delivered to the Trustee, at least 45 days prior to the payment date for credit against the Mandatory Sinking Fund Redemption described above and shall be applied in direct order of date of redemption.

Series 2012C Refunding Bonds

The Series 2012C Refunding Bonds are not subject to optional redemption prior to maturity.

Series 2012D Refunding Bonds

The Series 2012D Refunding Bonds maturing on December 1, 2028 are subject to redemption by the Authority in whole or in part at any time prior to maturity at the option of the Authority and by lot within a maturity in such manner as the Trustee may determine on any date on or after December 1, 2022 at the principal amount thereof and interest accrued thereon to the date fixed for redemption without premium.

Extraordinary Optional Redemption. Each Series of the Series 2012 Bonds are subject to redemption at the option of the Authority, at any time, in whole or in part (by lot in such manner as the Trustee may determine), in the event of destruction or taking of or damage to the Airport; but only if (i) the Airport has been restored to substantially the same condition as prior to such damage, destruction or taking and excess Net Proceeds remain; or (ii) the Authority has determined that the portion of the Airport damaged, destroyed or taken is not necessary to the operation of the Airport and that the failure of the Authority to repair and restore the same will not impair or otherwise adversely affect the revenue-producing capability of the Airport; or (iii) the Airport Consultant cannot provide a statement that Net Proceeds, together with other funds made available or to be made available by the Authority, are projected to be sufficient to pay the costs of the replacement, repair, rebuilding or restoration of the Airport. Such redemption shall be at a price equal to the principal amount of the Series 2012 Bonds to be redeemed plus interest accrued to the date fixed for redemption.

Order of Redemption. In the event of an optional redemption or an extraordinary optional redemption, in each case as described above, if less than all of the Outstanding Series 2012 Bonds are to be redeemed, the Trustee shall give notice, in the name of the Authority, of the Series 2012 Bonds to be redeemed, specifying the maturity thereof and within a maturity, selected by lot in such manner as the Trustee may determine. If any Series 2012 Bonds are to be called for redemption prior to maturity, irrevocable instructions to call such Series 2012 Bonds for redemption shall be given to the Trustee after the deposit of funds in connection with any such redemption has been made. The Trustee shall redeem the Outstanding Series 2012 Bonds (other than the Outstanding Series 2012 Bonds subject to mandatory sinking fund redemption) in such order of maturity as the Authority shall specify.

Notice of Redemption. Notice of redemption will be mailed by the Trustee to each owner of Series 2012 Bonds whose Series 2012 Bonds are to be redeemed. Notice of redemption shall be given not less than thirty (30) days nor more than sixty (60) days prior to the date set for redemption. Failure to give notice in the manner described with respect to any Series 2012 Bond, or any defect in such notice, will not affect the validity of the redemption proceedings for any Series 2012 Bond with respect to which notice was properly given. To the extent that Cede & Co. is the registered owner for DTC, the Authority or the Trustee shall send such notice to DTC as registered owner. DTC will be responsible for notifying the Participants who in turn will forward such notice to the Beneficial Owners. See APPENDIX E – "BOOK-ENTRY SYSTEM." Unless the Trustee has funds on hand available to pay the redemption price of the Series 2012 Bonds to be redeemed, the effectiveness of the redemption shall be conditioned on the receipt by the Trustee of such funds on or before the redemption date.

In case less than the full amount of an outstanding Bond is called for redemption, the Trustee upon presentation of the Series 2012 Bond called in part for redemption shall register, authenticate and deliver to the registered owner a new Series 2012 Bond in the principal amount of the portion of the original Series 2012 Bond not called for redemption.

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2012 Bonds. The Series 2012 Bonds will be issued as fully-registered bonds registered in the name Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2012 Bond certificate will be issued for each stated maturity of each series of the Series 2012 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See APPENDIX E – "BOOK-ENTRY SYSTEM."

SECURITY FOR THE SERIES 2012 BONDS

General Provisions

Each capitalized term used but not defined in this caption shall have the meaning ascribed thereto in the Master Bond Ordinance, the Series 2010 Refunding Ordinance or the Series 2012 Ordinance, as applicable. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE, THE SERIES 2010 REFUNDING ORDINANCE AND THE SERIES 2012 ORDINANCE – MASTER BOND ORDINANCE – Selected Definitions", "– SERIES 2010 REFUNDING ORDINANCE – Selected Definitions" and "– SERIES 2012 ORDINANCE – Selected Definitions."

Source of Payment

The Series 2012 Bonds will be secured by a lien on the Net Revenues of the Airport and will be secured equally and on parity with all Outstanding Senior Lien Bonds and any Additional Bonds. As of July 1, 2012, without taking into account the impact of the issuance of the Series 2012 Bonds, $1,775,970,000 aggregate principal amount of Senior Lien Bonds were Outstanding. Following the issuance of the Series 2012 Bonds, the aggregate principal amount of Outstanding Senior Lien Bonds will be $1,972,305,000. The Series 2012 Bonds are being issued pursuant to the provisions of the Act and the Ordinance.

The Series 2012 Bonds are revenue obligations of the Authority, payable solely from the Net Revenues derived by the Authority from the operation of the Airport. Pursuant to the Master Bond Ordinance, the Authority has irrevocably pledged Net Revenues for the payment of Senior Lien Bonds.

Net Revenues for any period means the excess of Revenues of the Airport remaining after deducting the Operation and Maintenance Expenses of the Airport for such period. "Revenues" are the general revenues derived from the operation of the Airport, which shall include all moneys deposited in the Revenue Fund, from whatever source, and all income derived from the charges, fees, rentals and rates charged for services, facilities and commodities furnished by the Airport, whether such income shall be derived from its function as an Airport or not, and including, but not by way of limitation, concessions, rentals, auto parking fees, service charges derived from the operation of the terminal complex buildings and facilities, airplane landing fees, non-airline gasoline fees and miscellaneous charges and rentals from other facilities and services and investment earnings or general revenues derived from the operation of the Airport accumulated by the Authority prior to deposit in the Revenue Fund; provided, however, that the term "Revenues" shall not be construed to include (i) rentals or other amounts to be paid in the future by any Person pursuant to a lease or other agreement with the County or the Authority, which rentals or other amounts are pledged for the payment of bonds issued to provide funds to construct Special Facilities, (ii) the proceeds of federal grants or Passenger Facility Charges, or the proceeds of any other grant, charge or tax intended as a replacement therefor or other capital contributions from any source, (iii) the Net Proceeds of insurance or condemnation proceeds resulting from the damage or destruction or taking of any portion of the Airport or (iv) Special Purpose Revenues.

The Authority may establish, by ordinance, a separate category or portion of revenue of a type not previously included in Revenues, relating to or arising from a definable service, program or facility that will be treated as Special Purpose Revenues and may be pledged for the payment of Special Purpose Bonds.

THE LAND AND FACILITIES COMPRISING THE AIRPORT HAVE NOT BEEN PLEDGED OR MORTGAGED PURSUANT TO THE MASTER BOND ORDINANCE, NOR HAVE THEY BEEN PLEDGED TO SECURE PAYMENT OF THE SERIES 2012 BONDS, ANY OTHER SENIOR LIEN BONDS OR ANY JUNIOR LIEN BONDS OR OTHER AUTHORITY OBLIGATIONS.

The requirements for the issuance of Additional Bonds under the Master Bond Ordinance have been satisfied with respect to the Series 2012A Bonds and the Series 2012B Bonds. See "SECURITY FOR THE SERIES 2012 BONDS – Additional Senior Lien Bonds."

Bond Reserve Account

Pursuant to the Master Bond Ordinance, a bond reserve account (the "Bond Reserve Account") has been established to secure the Bonds. At any time when Bonds are Outstanding, the Bond Reserve Account shall be maintained in an amount equal to the Reserve Requirement. The Reserve Requirement is defined by the Master Bond Ordinance to mean the maximum annual Debt Service requirements for each Series of Outstanding Bonds (subject to limits imposed by the Internal Revenue Code of 1986, as amended), which amount is required to be on deposit or otherwise provided for (*e.g.*, through provision of a letter of credit, surety bond or insurance policy in the same amount) in the Bond Reserve Account. As of the date of issuance of the Series 2012 Bonds, the Reserve Requirement for the Bond Reserve Account is expected to be calculated on the basis of 125% on the average annual Debt Service for the Bonds. A separate subaccount is established for each series of Bonds within the Bond Reserve Account, and is required to be funded at the lesser of (i) the Reserve Requirement for such series or (ii) the amount necessary to assure that the Reserve Requirement for the Bonds of all series is satisfied. The deposit requirement into the Bond Reserve Account may be satisfied by a deposit at the time of issuance of each Series of Bonds or by an accumulation on a scheduled basis of Bond proceeds, investment earnings or other deposits which will result in an amount equal to the Reserve Requirement for such Series of Bonds being on deposit in the Bond Reserve Account no later than the date of the last scheduled application of all capitalized interest, if any, for such Series.

Any deposit requirements into the Bond Reserve Account with respect to the Series 2012 Bonds will be satisfied as of the date of delivery thereof through the transfer of moneys held in bond reserve sub-accounts established in connection with the original issuance of the Refunded Bonds.

Moneys in the Bond Reserve Account are almost exclusively invested in United States treasury securities and commercial paper notes in accordance with the terms of the Master Bond Ordinance.

Rate Covenant

The Authority covenants in the Master Bond Ordinance to fix, charge and collect rates, fees, rentals and charges for the use and operation of the Airport as may be necessary or appropriate to produce Revenues in each Operating Year which will be at least sufficient to provide for (i) the payment of Operation and Maintenance Expenses for such Operating Year; (ii) together with passenger facility charge ("PFC") proceeds deposited with the Trustee with respect to such Operating Year, the amount needed to make the deposits required under the Master Bond Ordinance for such Operating Year to the Bond Fund; and (iii) together with Other Available Moneys deposited with the Trustee with respect to such Operating Year (to the extent not needed to make deposits required under the Master Bond Ordinance for such Operating Year to the Bond Fund) and any unencumbered cash balance held in the Revenue Fund on the last day of the Operating Year preceding the Operating Year for which the calculation is made and not then required to be deposited in any Fund or Account, (A) the amounts needed to make the deposits required under the Master Bond Ordinance for such Operating Year to the Junior Lien Bond Fund, the Operation and Maintenance Reserve Fund, the Renewal and Replacement Fund, the Discretionary Fund and the Airport Development Fund, and (B) an amount not less than twenty-five percent (25%) of the Debt Service due and payable on Senior Lien Bonds during such Operating Year. "Other Available Moneys" means, for any Operating Year, the amount of money determined by the Chief Executive Officer in concurrence with the Chief Financial Officer to be transferred by the Authority for such Operating Year from PFCs or other sources other than Revenues to the Bond Fund or the Junior Lien Bond Fund.

Budgetary Procedures

The Master Bond Ordinance requires the Authority to adopt, prior to the commencement of each Operating Year, a budget sufficient to cover the Operation and Maintenance Expenses of the Airport for such Operating Year, the principal and interest payable during such Operating Year on Outstanding Senior Lien Bonds and Junior Lien Bonds, and other known financial requirements of the Master Bond Ordinance during such Operating Year.

Flow of Funds

Under the Master Bond Ordinance, the Authority is required to set aside and deposit all Revenues into the Revenue Fund, and to apply all monies on deposit therein at such times and in accordance with the priorities established in the Master Bond Ordinance. In addition to the Revenue Fund, the Construction Fund and a Rebate Fund, the Master Bond Ordinance provides for the following funds and accounts:

- Operation and Maintenance Fund
- Bond and Interest Redemption Fund
  - Capitalized Interest Account
  - Bond Reserve Account
- Junior Lien Bond and Interest Redemption Fund
  - Junior Lien Capitalized Interest Account
  - Swap Payment Account
  - Junior Lien Bond Reserve Account
- Operation and Maintenance Reserve Fund
- Renewal and Replacement Fund
- Airport Discretionary Fund
- Airport Development Fund

The Master Bond Ordinance requires that the Revenues credited to the Revenue Fund shall be transferred from the Revenue Fund and credited to the following funds and accounts at the following times and in the following order of priority:

(i) Monthly, by the twenty-fifth day of the month, to the Operation and Maintenance Fund, a sum sufficient to provide for payment of the Operation and Maintenance Expenses of the Airport for the next succeeding month;

(ii) Monthly, on the first day of each month, to the Bond and Interest Redemption Fund (the "Bond Fund"), an amount which is equal to 1/6th of the total amount of interest on the Bonds next coming due or such lesser amount as is necessary to assure that the amount set aside in the Bond Fund as of the first of such month is not less than the product of (a) 1/6th of the amount of interest next due on the Bonds and (b) the number of months elapsed since and including the last interest payment date for Bonds with semiannual interest payments or an amount equal to one month's accrued interest on the Bonds as provided in the applicable series ordinance for such Bonds for Bonds with more frequent interest payments; and an amount which is equal to 1/12th of the amount of principal on the Bonds next coming due by maturity or as a Mandatory Redemption Requirement or such lesser amounts as is necessary to assure that the amount set aside in the Bond Fund as of the first of such month is not less than the product of (x) 1/12th of the amount of principal next due on the Bonds and (y) the number of months elapsed since and including the last principal payment date;

(iii) In the event of a deficiency in the amount required to be on deposit in the Bond Reserve Account, an amount required to restore the amount on deposit to required levels in accordance with the terms of the Ordinance;

(iv) Monthly, on the first day of each month, to the Junior Lien Bond and Interest Redemption Fund (the "Junior Lien Bond Fund"), an amount equal to 1/6th of the total amount of interest on the Junior Lien Bonds next coming due or such lesser amount as is necessary to assure that any amount set aside in the Junior Lien Bond Fund as of the first of such month is not less than the product of (a) 1/6th of the amount of interest next due on the Junior Lien Bonds and (b) the number of months elapsed since and including the last interest payment date for Junior Lien Bonds with semiannual interest payments or an amount equal to one month's accrued interest on the Junior Lien Bonds as provided in the applicable series ordinance for such Junior Lien Bonds for Junior Lien Bonds with more frequent interest payments; and an amount which is equal to 1/12th of the amount of principal on the Junior Lien Bonds next coming due by maturity or as a Mandatory Redemption Requirement or such lesser amounts as necessary to assure that the amount set aside in the Junior Lien Bond Fund as of the first of such month is not less than the product of (x) 1/12th of the amount of principal next due on the Junior Lien Bonds and (y) the number of months elapsed since and including the last principal payment date;

(v) Any amounts due and owing to a Swap Provider by the Authority pursuant to a Swap Agreement shall be payable when due from a Swap Payment Account established in the Junior Lien Bond Fund (including termination payments);

(vi) If at any time there is not on deposit in the Junior Lien Bond Reserve Account the amount required to be on deposit therein, an amount required to restore such deficiency to required levels in accordance with the terms of the Ordinance;

(vii) Quarterly, on the last day of each fiscal quarter, to the Operation and Maintenance Reserve Fund, an amount equal to 1/48th of the estimated annual Operation and Maintenance Expenses of the Airport until the estimated Operation and Maintenance Expenses for the period of one month as projected in the most recent Authority budget for the Airport (the "Operating Reserve Amount") is on deposit in such fund; thereafter, the amount necessary to maintain an amount equal to the Operating Reserve Amount on deposit in such fund;

(viii) Quarterly, on the last day of each fiscal quarter, to the Renewal and Replacement Fund, the sum of \$125,000 until the sum of \$2,500,000 (the "Replacement Requirement") is on deposit in the Renewal and Replacement Fund; thereafter, the lesser of \$125,000 and the amount necessary to maintain an amount equal to the Replacement Requirement on deposit in such fund;

(ix) Quarterly, after satisfying all of the foregoing requirements, to the Airport Discretionary Fund, the sum of \$87,500;

(x) Quarterly, on the last day of each quarter of each Operating Year, to the Airport Development Fund, one-quarter of the amount calculated in accordance with the applicable agreements and included in the budgeted rates and charges for the Airport for the Operating Year for deposit to the Airport Development Fund (See APPENDIX D – "SUMMARY OF THE AIRLINE AGREEMENTS"); and

(xi) Quarterly, prior to the Completion Date for the projects funded from each Series of Bonds, to the Rebate Fund, an amount sufficient to make the amount on deposit in the Rebate Fund equal to ninety percent (90%) of the estimated accrued amount subject to the rebate requirements of Section 148(f) of the Code, and annually, prior to the Completion Date, an amount sufficient to make the amount on deposit in the Rebate Fund equal to 100% of the amount required to be rebated to the United States Government pursuant to Section 148(f) of the Code, and annually, after the Completion Date, from the Revenue Fund, an amount sufficient to make the amount on deposit in the Rebate Fund equal to 100% of the amount required to be rebated to the United States Government pursuant to Section 148(f) of the Code. Neither the Trustee nor any owner of any Bond has a claim on any monies on deposit in the Rebate Fund.

The Master Bond Ordinance provides that all interest earned or profit realized on investments or deposits of money for the funds and accounts established under the Master Bond Ordinance shall be credited and charged as follows. Earnings and profits on the Bond Reserve Account shall be (i) retained therein until the Reserve Requirement is on deposit, then (ii) prior to the Completion Date, credited to the Construction Fund in an amount equal to earnings and profits times a fraction, the numerator of which is the amount of capitalized interest payable on the next ensuing Bond Payment Date and the denominator of which is the total amount of interest payable on such Bond Payment Date, and credited to the general account of the Bond Fund in an amount equal to the remainder of such earnings and profits, and then (iii) on and after the Completion Date with proceeds of a series of Bonds, credited to the general account of the Bond Fund. Earnings and profits on the Capitalized Interest Account of the Bond Fund shall be retained in such account until such account is fully funded and, thereafter, shall be credited to the Construction Fund. Earnings and profits on the Operation and Maintenance Reserve Fund shall be retained therein until the Operating Reserve Requirement is on deposit and, thereafter, shall be credited to the Revenue Fund. Earnings and profits on the Renewal and Replacement Fund shall be retained therein until the Replacement Requirement is on deposit, and, thereafter, shall be credited to the Revenue Fund. Interest earned or profit realized on investments or deposits of money in all other funds, accounts and sub-accounts established under the Master Bond Ordinance, and any losses on investments, shall be credited or charged to the fund, account or sub-account from which such investment was made.

Additional Senior Lien Bonds

The Master Bond Ordinance permits the issuance of one or more additional Series of Senior Lien Bonds on a parity with Outstanding Senior Lien Bonds so long as there exists no Default or Event of Default under the Master Bond Ordinance known to the Authority at the time such Series of Senior Lien Bonds is authorized to be issued by adoption of a Series Ordinance. Prior to issuing any additional Series of Senior Lien Bonds, the Authority must obtain an opinion of Bond Counsel that the issuance of such Series of Senior Lien Bonds will not impair the tax-exempt status of any Outstanding Senior Lien Bonds or Junior Lien Bonds.

In addition, unless the purpose for which a Series of Senior Lien Bonds is to be issued is to finance the cost of completing the acquisition, construction and installation of capital projects with respect to which a Series of Senior Lien Bonds has previously been issued, and provided that such Series of Senior Lien Bonds proposed to be issued for such purpose is proposed to be issued in a principal amount not to exceed ten percent (10%) of the face amount of Bonds originally issued to pay for the costs of the Authority's Capital Improvement Program, the Authority must first provide a report of an Airport Consultant projecting Revenues and Revenue Fund balances plus Other Available Moneys and any amounts estimated to be available to pay capitalized interest for the first three (3) full Operating Years commencing after completion of construction of the capital projects to be funded from the proceeds of the Series of Senior Lien Bonds proposed to be issued sufficient to satisfy the Rate Covenant, taking into account the Series of Bonds proposed to be issued. As an alternative to providing the report of an Airport Consultant described above, the Authority may authorize the issuance of a Series of Senior Lien Bonds if it delivers to the Trustee a certificate of the Chief Financial Officer (accompanied by a report of an independent auditor) certifying that, taking all Outstanding Senior Lien Bonds (other than any Senior Lien Bonds to be refunded by the Series of Senior Lien Bonds proposed to be issued) and the Series of Senior Lien Bonds proposed to be issued into account as if it had been issued at the beginning of the most recent Operating Year for which audited financial statements for the Authority are available, the Net Revenues together with Other Available Moneys actually deposited in the Bond Fund for such Operating Year were not less than 125% of the Debt Service with respect to such Outstanding Senior Lien Bonds and proposed Series of Senior Lien Bonds for such period.

The Master Bond Ordinance permits the issuance of one or more Series of Refunding Bonds for the purpose of (i) refunding any Senior Lien Bonds or Junior Lien Bonds, (ii) paying Issuance Costs therefor, and (iii) making deposits into the Bond Reserve Account; provided that the issuance of Refunding Bonds is subject to the satisfaction of the requirements for the issuance of Additional Bonds if the principal and interest payable on such Refunding Bonds would exceed the principal and interest payable on the Bonds to be refunded by more than twenty percent (20%) in any Operating Year. In addition, the Authority may not deliver any additional Series of Refunding Bonds unless on or prior to the date of delivery thereof, there shall be deposited with the Trustee Sufficient Government Obligations and cash in an amount sufficient to effect payment at maturity or to pay the applicable Redemption Price or purchase price (in the event of tender) of the Bonds to be refunded together with interest on such Bonds to the redemption or payment date, which monies shall be held by the Trustee in a separate irrevocable trust account for the owners of Outstanding Bonds being refunded.

The requirements for the issuance of Senior Lien Bonds under the Ordinance will have been satisfied with respect to the Series 2012 Bonds as of the date of delivery thereof.

Special Facilities Revenue Bonds

The Master Bond Ordinance provides that the Authority may finance any special facilities permitted by law; provided, that (i) any bonds issued to finance such special facilities shall not be secured by Revenues of the Airport, and (ii) in the opinion of Bond Counsel, the financing of such special facilities does not conflict with the covenants or provisions of the Master Bond Ordinance.

As of July 1, 2012, the Outstanding special facilities bonds were (i) \$14,935,000 Special Airport Facilities Revenue Bonds (Northwest Airlines, Inc. Facilities) Series 1999 and (ii) \$106,940,000 Airport Hotel Revenue Bonds (Limited Tax General Obligation), Series 2001A and Series 2001B.

Junior Lien Bonds

The Master Bond Ordinance permits the issuance of one or more Series of Junior Lien Bonds so long as no Event of Default under the Master Bond Ordinance known to the Authority exists at the time such Junior Lien Bonds are authorized to be issued by adoption of a Series Ordinance. Prior to issuing any additional Series of Junior Lien Bonds, the Authority must obtain an opinion of Bond Counsel that the issuance of such Series of Junior Lien Bonds will not impair the tax-exempt status of any prior Series of Senior Lien Bonds or Junior Lien Bonds.

Prior to issuing a Series of Junior Lien Bonds other than Junior Lien Bonds proposed to be issued to refund Senior Lien Bonds or Junior Lien Bonds, the Chief Financial Officer shall certify to the Trustee that the sum of (i) the Net Revenues for the most recently completed Operating Year; (ii) the amount of Other Available Moneys actually deposited in the Bond Fund for the most recently completed Operating Year; and (iii) the average of (A) the amount of Other Available Moneys actually deposited in the Junior Lien Bond Fund for the most recently completed Operating Year, and (B) each annual amount of Other Available Moneys that the Airport Consultant certifies to the Authority may reasonably be expected to be received by the Authority and deposited in the Junior Lien Bond Fund during the period that the proposed and outstanding Series of Junior Lien Bonds are projected to be Outstanding, is not less than 110% of the Debt Service with respect to such Outstanding Bonds and Outstanding Junior Lien Bonds for the most recently completed Operating Year and of the average annual Debt Service with respect to the proposed Series of Junior Lien Bonds. The Chief Financial Officer will also certify that for each of the four (4) Operating Years following the Operating Year in which proposed Series of Junior Lien Bonds is to be issued, the sum of (i) the Net Revenues that the Airport Consultant certifies to the Authority may reasonably be projected to be received for the immediately preceding Operating Year; (ii) the amount of Other Available Moneys which the Airport Consultant certifies to the Authority may reasonably be expected to be deposited in the Bond Fund for the immediately preceding Operating Year, and (iii) the average of (A) the amount of Other Available Moneys actually deposited in the Junior Lien Bond Fund for the most recently completed Operating Year preceding the Operating Year in which the proposed Series of Junior Lien Bonds is to be issued, and (B) each annual amount of Other Available Moneys that the Airport Consultant certifies to the Authority may reasonably be expected to be received by the Authority and deposited in the Junior Lien Bond Fund over the period that the proposed and outstanding Series of Junior Lien Bonds are projected to be Outstanding, is not less than 110% of the Debt Service with respect to such Outstanding

Bonds and Outstanding Junior Lien Bonds for the immediately preceding Operating Year and of the average annual Debt Service with respect to the proposed Series of Junior Lien Bonds.

In calculating Net Revenues and expected Net Revenues, the Chief Financial Officer will take into account the unencumbered fund balance in the Revenue Fund on the last day of the two (2) Operating Years preceding the year of issue, and the expected unencumbered balance in the Revenue Fund on the last day of each of (i) the Operating Year in which the proposed series of Junior Lien Bonds will be issued and (ii) the next two (2) Operating Years, as provided in Section 604 of the Master Bond Ordinance. In making the calculations described herein, the Authority will also take into account Debt Service on (a) all Outstanding Bonds and Outstanding Junior Lien Bonds and (b) the proposed series of Junior Lien Bonds as if they had been issued at the beginning of the preceding Operating Year.

BOND INSURANCE POLICY FOR CERTAIN SERIES 2012A BONDS

Bond Insurance Policy

Concurrently with the issuance of the Insured Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy (the "Policy") for the portion of the Series 2012A Bonds maturing on December 1, 2042 bearing CUSIP No. 944514NS3 (the "Insured Bonds"). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

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

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Assured Guaranty Municipal Holdings Inc. ("Holdings"). Holdings is an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. No shareholder of AGL, Holdings or AGM is liable for the obligations of AGM.

AGM's financial strength is rated "AA-" (stable outlook) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and "Aa3" (on review for possible downgrade) by Moody's Investors Service, Inc. ("Moody's"). An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings. On March 20, 2012, Moody's issued a press release stating that it had placed AGM's "Aa3" insurance financial strength rating on review for possible downgrade. AGM can give no assurance as to any further ratings action that Moody's may take. Reference is made to the press release, a copy of which is available at www.moodys.com, for the complete text of Moody's comments.

On November 30, 2011, S&P published a Research Update in which it downgraded AGM's financial strength rating from "AA+" to "AA-". At the same time, S&P removed the financial strength rating from CreditWatch negative and changed the outlook to stable. AGM can give no assurance as to any further ratings action that S&P may take. Reference is made to the Research Update, a copy of which is available at www.standardandpoors.com, for the complete text of S&P's comments.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2011, its Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012, and its Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2012.

Capitalization of AGM. At June 30, 2012, AGM's consolidated policyholders' surplus and contingency reserves were approximately $3,169,404,271 and its total net unearned premium reserve was approximately $2,204,572,593, in each case, in accordance with statutory accounting principles.

AGM's statutory financial statements for the fiscal year ended December 31, 2011, for the quarterly period ended March 31, 2012, and for the quarterly period ended June 30, 2012, which have been filed with the New York State Department of Financial Services and posted on AGL's website at http://www.assuredguaranty.com, are incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

Incorporation of Certain Documents by Reference. Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2011 (filed by AGL with the SEC on February 29, 2012);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012 (filed by AGL with the SEC on May 10, 2012); and

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2012 (filed by AGL with the SEC on August 9, 2012).

All information relating to AGM included in, or as exhibits to, documents filed by AGL pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, after the filing of the last document referred to above and before the termination of the offering of the Insured Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

Any information regarding AGM included herein under the caption "BOND INSURANCE POLICY FOR CERTAIN SERIES 2012A BONDS – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters. AGM or one of its affiliates may purchase a portion of the Insured Bonds or any Uninsured Bonds offered under this Official Statement and may hold such Insured Bonds or Uninsured Bonds for investment or may sell or otherwise dispose of such Insured Bonds or Uninsured Bonds at any time or from time to time.

AGM makes no representation regarding the Insured Bonds or the advisability of investing in the Insured Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under this heading "BOND INSURANCE POLICY FOR CERTAIN SERIES 2012A BONDS".

SERIES 2012 PROJECTS

The Authority maintains an ongoing Capital Improvement Program (the "CIP") to address the capital development needs of the Airport. See "DETROIT METROPOLITAN WAYNE COUNTY AIRPORT – Capital Improvement Program" below. Proceeds of the Series 2012A Bonds and the Series 2012B Bonds will be used to fund a portion of the costs of certain capital projects (the "Series 2012 Projects") included in the Airport's CIP. The total estimated cost of the Series 2012 Projects is $285,571,000, including design, engineering, construction and contingency fees, with airfield improvement and reconstruction projects comprising an estimated seventy percent (70%) of this total estimated cost. These airfield projects include the reconstruction of Runway 4R/22L (the longest runway at the Airport) and the western portion of Runway 9L/27R and portions of adjacent taxiways.

The following table presents estimated total project costs and estimated annual project expenditures for the Series 2012 Projects:

Series 2012 Projects - Estimated Expenditures [1]

(Figures in Thousands)

PROJECT	ESTIMATED EXPENDITURES					
	ESTIMATED TOTAL COST	PRIOR TO OY 2012	OY 2012	OY 2013	OY 2014	OY 2015
Series 2012 Projects						
Airfield						
De-Icing Fluid Forcemain to DWSD	$ 9,986	$ 8,290	$ 1,696	$ -	$ -	$ -
Runway 4R/22L, Western End of 9L/27R & Portions of Associated Taxiways Reconstruction	137,000	5,020	36,000	90,000	5,980	-
Airfield Service Road West of Taxiway M Improvements	2,100	-	1,900	200	-	-
Berry Apron Rehabilitation	620	-	620	-	-	-
Displacement of Runway 4R Threshold	13,500	-	1,500	7,000	5,000	-
Runway 3L/21R & Portions of Associated Taxiways Reconstruction - Design Only	8,000	-	-	2,000	4,000	2,000
Eastern Taxiways Reconstruction (S, S-4, S-5, W-5, and portions of F, PP1, PP2, and V)	28,400	-	-	1,400	24,800	2,200
Subtotal Airfield	$ 199,606	$ 13,310	$ 41,716	$ 100,600	$ 39,780	$ 4,200
Parking Decks & Lots						
Green Lot Rehabilitation	$ 3,300	$ -	$ 200	$ 3,100	$ -	$ -
South Employee Parking Lot Reconstruction	9,300	-	-	8,500	800	-
Blue Parking Deck Rehabilitation	4,140	-	-	1,200	1,750	1,190
McNamara Parking Deck Rehabilitation	7,750	-	-	3,500	4,250	-
Parking Decks LED Lighting Upgrade	5,620	-	-	200	2,500	2,920
Subtotal Parking Decks & Lots	$ 30,110	$ -	$ 200	$ 16,500	$ 9,300	$ 4,110
Support Facilities						
Replacement and Consolidation of Control, Dispatch and Emergency Centers	$ 8,400	$ -	$ 700	$ 6,200	$ 1,500	$ -
Police Operations Facility Replacement	7,800	-	625	5,000	2,175	-
Subtotal Support Facilities	$ 16,200	$ -	$ 1,325	$ 11,200	$ 3,675	$ -
Fleet & Equipment						
Vehicle & Equipment Fueling Facilities Improvements	$ 1,500	$ -	$ 300	$ 1,200	$ -	$ -
Fleet & Heavy Equipment Acquisitions	10,700	-	3,567	3,567	3,567	-
Replacement of Fuel Tanks and Installation of Fueling Island Canopies	1,200	-	200	1,000	-	-
Subtotal Fleet & Equipment	$ 13,400	$ -	$ 4,067	$ 5,767	$ 3,567	$ -
Noise Mitigation						
Ground Run-up Enclosure	$ 11,125	$ 945	$ 9,000	$ 1,180	$ -	$ -
Electrical Distribution						
Remote Metering & Powerhouse Control Room - Design Only	$ 6,000	$ -	$ 250	$ 5,750	$ -	$ -
Water Distribution						
Watermain Replacements	$ 4,000	$ -	$ -	$ 2,750	$ 700	$ 550
Security & Communications						
Security Network Upgrades - Phase 1	$ 3,100	$ -	$ 200	$ 2,600	$ 300	$ -
Roofing						
Roof Replacements (Fire Station 100 and Hangar 530	$ 2,030	$ -	$ 1,480	$ 450	$ 100	$ -
Total Series 2012 Projects	$ 285,571	$ 14,255	$ 58,238	$ 146,797	$ 57,422	$ 8,860

(1) Funding sources are subject to change and Series 2012 Projects are subject to demand and available funding.

Source: Wayne County Airport Authority, July 2012.
Prepared By: Ricondo & Associates, Inc., July 2012.

The Authority anticipates that the Series 2012 Projects will be funded from a combination of proceeds from the Series 2012 Bonds, prior Bond proceeds, and federal grants. The Authority estimates that future Additional Bonds will not be required to be issued to complete the Series 2012 Projects. However, it is anticipated that Additional Bonds will be required to be issued in 2014 or later to fund the costs of the capital projects, other than the Series 2012 Projects, contained in the CIP. See "DETROIT METROPOLITAN WAYNE COUNTY AIRPORT —

Capital Improvement Program — *CIP Funding Sources*" below. Some of the anticipated funding sources for any of the CIP Projects may not be approved or received and are subject to change.

The Series 2012 Projects contemplated to be funded with the proceeds of the Series 2012 Bonds have received Weighted Majority Approval (as such term is defined in the Airline Agreements and more fully described in APPENDIX D – "SUMMARY OF THE AIRLINE AGREEMENTS").

The following table presents anticipated funding sources for the Series 2012 Projects:

Series 2012 Projects - Anticipated Funding Sources (1)

(Figures in Thousands)

PROJECT	ANTICIPATED FUNDING SOURCES			
	ESTIMATED TOTAL COST	AIP GRANTS	PREVIOUS BONDS	SERIES 2012 BONDS
Series 2012 Projects				
Airfield				
De-Icing Fluid Forcemain to DWSD	$ 9,986	$ 7,304	$ 1,750	$ 932
Runway 4R/22L, Western End of 9L/27R & Portions of Associated Taxiways Reconstruction	137,000	39,486	25,073	72,441
Airfield Service Road West of Taxiway M Improvements	2,100	200	-	1,900
Berry Apron Rehabilitation	620	-	-	620
Displacement of Runway 4R Threshold	13,500	1,000	-	12,500
Runway 3L/21R & Portions of Associated Taxiways Reconstruction - Design Only	8,000	-	-	8,000
Eastern Taxiways Reconstruction (S, S-4, S-5, W-5, and portions of F, PP1, PP2, and V)	28,400	-	-	28,400
Subtotal Airfield	$ 199,606	$ 47,990	$ 26,823	$ 124,793
Parking Decks & Lots				
Green Lot Rehabilitation	$ 3,300	$ -	$ -	$ 3,300
South Employee Parking Lot Reconstruction	9,300	-	-	9,300
Blue Parking Deck Rehabilitation	4,140	-	-	4,140
McNamara Parking Deck Rehabilitation	7,750	-	-	7,750
Parking Decks LED Lighting Upgrade	5,620	-	-	5,620
Subtotal Parking Decks & Lots	$ 30,110	$ -	$ -	$ 30,110
Support Facilities				
Replacement and Consolidation of Control, Dispatch and Emergency Centers	$ 8,400	$ -	$ -	$ 8,400
Police Operations Facility Replacement	7,800	-	-	7,800
Subtotal Support Facilities	$ 16,200	$ -	$ -	$ 16,200
Fleet & Equipment				
Vehicle & Equipment Fueling Facilities Improvements	$ 1,500	$ -	$ -	$ 1,500
Fleet & Heavy Equipment Acquisitions	10,700	-	-	10,700
Replacement of Fuel Tanks and Installation of Fueling Island Canopies	1,200	-	-	1,200
Subtotal Fleet & Equipment	$ 13,400	$ -	$ -	$ 13,400
Noise Mitigation				
Ground Run-up Enclosure	$ 11,125	$ 8,899	$ -	$ 2,226
Electrical Distribution				
Remote Metering & Powerhouse Control Room - Design Only	$ 6,000	$ -	$ -	$ 6,000
Water Distribution				
Watermain Replacements	$ 4,000	$ -	$ -	$ 4,000
Security & Communications				
Security Network Upgrades - Phase 1	$ 3,100	$ -	$ -	$ 3,100
Roofing				
Roof Replacements (Fire Station 100 and Hangar 530	$ 2,030	$ -	$ -	$ 2,030
Total Series 2012 Projects	$ 285,571	$ 56,889	$ 26,823	$ 201,859

(1) Funding sources are subject to change and Series 2012 Projects are subject to demand and available funding.

Source: Wayne County Airport Authority, July 2012.
Prepared By: Ricondo & Associates, Inc., July 2012

PLAN OF REFUNDING

General

The Authority reviews its debt portfolio from time to time to seek savings opportunities through refunding and restructuring of its Outstanding Senior Lien Bonds and Junior Lien Bonds. The Authority will use certain of the net proceeds of the Series 2012C Refunding Bonds and the Series 2012D Refunding Bonds, together with other available funds, to refund all or portions of the outstanding principal amount of the Outstanding Prior Bonds, as described below.

Series 2012 Bonds to Refund All or Portions of Outstanding Prior Bonds

In order to refund all or portions of the Outstanding Prior Bonds (the "Refunded Bonds"), certain of the net proceeds of the Series 2012C Refunding Bonds and the Series 2012D Refunding Bonds, together with other available funds of the Authority, if any, in the amounts determined in the Sale Order, will be deposited in an escrow fund (the "Escrow Fund") consisting of cash and investments in direct obligations of or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America or other obligations the principal of and interest on which are fully secured by the foregoing, in amounts sufficient to pay the principal of and interest on the Refunded Bonds. The Escrow Fund will be held by the Trustee pursuant to an escrow agreement (the "Escrow Agreement") which irrevocably directs the Trustee, as Escrow Agent, to take all necessary steps to pay the principal of and interest on the Refunded Bonds when due and to call the Refunded Bonds for redemption on the first call date as specified in the Sale Order. The amounts held in the Escrow Fund will be such that the cash and investments and income received thereon will be sufficient without reinvestment to pay the principal of and interest on the Refunded Bonds when due at maturity or by call for redemption.

The Refunded Bonds consist of the following Outstanding Senior Lien Bonds of the Authority:

WAYNE COUNTY AIRPORT AUTHORITY
Airport Revenue Bonds
(Detroit Metropolitan Wayne County Airport), Series 1998A (AMT)
Dated Date: July 1, 1998

Maturity Date	Amount	Interest Rate	CUSIP+	Redemption Date	Price
December 1, 2028	$31,950,000	5.000%	944314LK7	October 6, 2012	100%

WAYNE COUNTY AIRPORT AUTHORITY
Airport Revenue Refunding Bonds
(Detroit Metropolitan Wayne County Airport), Series 2002C (Non-AMT)
Dated Date: July 25, 2002

Maturity Date (December 1)	Amount	Interest Rate	CUSIP+	Redemption Date (December 1)	Price
2013	$2,215,000	5.375%	944314KB8	2012	100%
2014	225,000	5.375	944314LU5	2012	100
2015	235,000	5.375	944314LV3	2012	100
2016	245,000	5.375	944314LW1	2012	100
2017	260,000	5.375	944314LX9	2012	100
2018	275,000	5.375	944314LY7	2012	100
2019	290,000	5.375	944314LZ4	2012	100
2020	305,000	5.375	944314MA8	2012	100

+ Copyright 2012, American Bankers Association. CUSIP data herein is provided by Standard & Poor's. CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. CUSIP numbers are provided for convenience of reference only. None of the Authority or the Underwriters take any responsibility for the accuracy of such CUSIP numbers.

WAYNE COUNTY AIRPORT AUTHORITY
Airport Revenue Refunding Bonds
(Detroit Metropolitan Wayne County Airport), Series 2002D (AMT)
Dated Date: July 25, 2002

Maturity Date (December 1)	Amount	Interest Rate	CUSIP+	Redemption Date (December 1)	Price
2013	$4,650,000	5.500%	944314KT9	2012	100%
2014	4,905,000	5.500	944314KU6	2012	100
2015	5,170,000	5.500	944314KV4	2012	100
2016	5,455,000	5.500	944314KW2	2012	100
2017	5,755,000	5.500	944314KX0	2012	100
2018	6,060,000	5.500	944314KY8	2012	100
2019	6,390,000	5.500	944314KZ5	2012	100
2021*	7,345,000	5.000	944314LB7	2012	100

* Partial redemption of Term Bond.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the Series 2012 Bonds.

Sources of Funds	Series 2012A Bonds	Series 2012B Bonds	Series 2012C Refunding Bonds	Series 2012D Refunding Bonds
Par Amount of Series 2012 Bonds	$177,565,000.00	$25,090,000.00	$3,885,000.00	$71,525,000.00
Original Issue Premium	19,903,248.00	1,888,100.20	220,015.90	7,038,018.60
Bond Fund Accounts for Refunded Bonds	-	-	72,562.50	1,358,641.67
Bond Reserve Accounts for Refunded Bonds	-	-	550,755.75	4,802,190.61
Total Sources of Funds	$197,468,248.00	$26,978,100.20	$4,728,334.15	$84,723,850.88
Uses of Funds				
Series 2012 Projects	$177,659,279.42	$23,742,554.04	$ -	$ -
Capitalized Interest	18,153,893.49	3,034,952.14	-	-
Deposit to Escrow Fund/Redemption of Bonds	-	-	4,157,967.03	79,461,547.79
Transfer from Bond Reserve Accounts for Refunded Bonds/Deposit to Bond Reserve Account	-	-	550,755.75	4,802,190.61
Costs of Issuance*	937,797.72	101,516.38	13,651.78	243,850.93
Underwriters' Discount	717,277.37	99,077.64	5,959.59	216,261.55
Total Uses of Funds	$197,468,248.00	$26,978,100.20	$4,728,334.15	$84,723,850.88

* Includes legal fees, trustee fees, rating agency fees, financial advisory fees, bond insurance premium, printing costs and other miscellaneous fees and expenses.

TAX MATTERS

General

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, under existing law, (i) the interest on the Series 2012A Bonds and Series 2012C Refunding Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; and (ii) the interest on the Series 2012B Bonds and the Series 2012D Refunding Bonds is excludable from gross income for federal income tax purposes (except for any period when the Series 2012B Bonds or the Series 2012D Refunding Bonds, respectively, are held by a "substantial user" of the Airport or a person deemed "related thereto" (as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code")) and is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted that with respect to corporations (as defined for federal income tax purposes) the interest on the Series 2012 Bonds is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. Bond Counsel is also of the opinion that, under existing law, the Series 2012 Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan, except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. Bond Counsel will express no opinion regarding any other federal or state tax consequences arising with respect to the Series 2012 Bonds and the interest thereon.

The opinions on federal and State of Michigan tax matters are based on the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Authority contained in the transcript of proceedings and which are intended to evidence and assure the foregoing, including that the Series 2012 Bonds are and will remain obligations the interest on which is excludable from gross income for federal and State of Michigan income tax purposes. The Authority has covenanted to take the actions required of it for the interest on the Series 2012 Bonds to be and to remain excludable from gross income for federal and State of Michigan income tax purposes, and not to take any actions that would adversely affect that exclusion. Bond Counsel's opinions assume the accuracy of the Authority's certifications and representations and the continuing compliance with the Authority's covenants. Noncompliance with these covenants by the Authority may cause the interest on the Series 2012 Bonds to be included in gross income for federal and State of Michigan income tax purposes retroactively to the date of issuance of the Series 2012 Bonds. After the date of issuance of the Series 2012 Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal and State of Michigan income tax purposes of interest on the Series 2012 Bonds or the market prices of the Series 2012 Bonds.

The opinions of Bond Counsel are based on current legal authority and cover certain matters not directly addressed by such authority. They represent Bond Counsel's legal judgment as to the excludability of interest on the Series 2012 Bonds from gross income for federal and State of Michigan income tax purposes but are not a guarantee of that conclusion. The Federal income tax opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel cannot give and has not given any opinion or assurance about the effect of future changes in the Code, the applicable regulations, the interpretations thereof or the enforcement thereof by the IRS.

Ownership of the Series 2012 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, 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 Bonds. Bond Counsel will express no opinion regarding any such consequences.

Tax Treatment of Accruals on Original Issue Discount Bonds

Under existing law, if the initial public offering price to the public (excluding bond houses and brokers) of a Series 2012 Bond is less than the stated redemption price of such Series 2012 Bonds at maturity, then such Series 2012 Bond is considered to have "original issue discount" equal to the difference between such initial offering price and the amount payable at maturity (such Series 2012 Bonds are referred to as "OID Bonds"). Such discount is treated as interest excludable from federal gross income to the extent properly allocable to each registered owner thereof. The original issue discount accrues over the term to maturity of each such OID Bonds on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period) from the date of original issue with straight-line interpolations between compounding dates. The amount of original issue discount accruing during each period is added to the adjusted basis of such OID Bonds to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such OID Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of OID Bonds who purchase such OID Bonds after the initial offering of a substantial amount thereof. Owners who do not purchase such OID Bonds in the initial offering at the initial offering prices should consult their own tax advisors with respect to the tax consequences of ownership of such OID Bonds.

All holders of the OID Bonds should consult their own tax advisors with respect to the allowance of a deduction for any loss on a sale or other disposition of an OID Bond to the extent such loss is attributable to accrued original issue discount.

Amortizable Bond Premium

For federal income tax purposes, the excess of the initial offering price to the public (excluding bond houses and brokers) at which a Series 2012 Bond is sold over the amount payable at maturity thereof constitutes for the original purchasers of such Series 2012 Bonds (collectively, the "Original Premium Bonds") an amortizable bond premium. Series 2012 Bonds other than Original Premium Bonds may also be subject to an amortizable bond premium determined generally with regard to the taxpayer's basis (for purposes of determining loss on a sale or exchange) and the amount payable on maturity or, in certain cases, on an earlier call date (such bonds being referred to herein collectively with the Original Premium Bonds as the "Premium Bonds"). Such amortizable bond premium is not deductible from gross income. The amount of amortizable bond premium allocable to each taxable year is generally determined on the basis of the taxpayer's yield to maturity determined by using the taxpayer's basis (for purposes of determining loss on sale or exchange) of such Premium Bonds and compounding at the close of each six-month accrual period. The amount of amortizable bond premium allocable to each taxable year is deducted from the taxpayer's adjusted basis of such Premium Bonds to determine taxable gain upon disposition (including sale, redemption or payment at maturity) of such Premium Bonds.

All holders of the Premium Bonds should consult with their own tax advisors as to the amount and effect of the amortizable bond premium.

Market Discount

The "market discount rules" of the Code apply to the Series 2012 Bonds. Accordingly, holders acquiring their Series 2012 Bonds subsequent to the initial issuance of the Series 2012 Bonds will generally be required to treat market discount recognized under the provisions of the Code as ordinary taxable income (as opposed to capital gain income). Holders should consult their own tax advisors regarding the application of the market discount provisions of the Code and the advisability of making any of the elections relating to market discount allowed by the Code.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid after March 31, 2007 on tax-exempt obligations, including the Series 2012 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 unless the recipient is one of a limited class of exempt recipients, including corporations. 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 the Series 2012 Bonds through a brokerage account has executed a Form W-9 in connection with the establishment of such account no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2012 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 IRS.

Future Developments

Bond Counsel's engagement with respect to the Series 2012 Bonds ends with the issuance of the Series 2012 Bonds and, unless separately engaged, bond counsel is not obligated to defend the Authority in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Series 2012 Bonds, under current IRS procedures, the IRS will treat the Authority as the taxpayer and the beneficial owners of the Series 2012 Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit.

NO ASSURANCE CAN BE GIVEN THAT ANY FUTURE LEGISLATION OR CLARIFICATIONS OR AMENDMENTS TO THE CODE, IF ENACTED INTO LAW, WILL NOT CONTAIN PROPOSALS WHICH COULD CAUSE THE INTEREST ON THE SERIES 2012 BONDS TO BE SUBJECT DIRECTLY OR INDIRECTLY TO FEDERAL OR STATE OF MICHIGAN INCOME TAXATION, ADVERSELY AFFECT THE MARKET PRICE OR MARKETABILITY OF THE SERIES 2012 BONDS, OR OTHERWISE PREVENT THE HOLDERS FROM REALIZING THE FULL CURRENT BENEFIT OF THE STATUS OF THE INTEREST THEREON. BOND COUNSEL EXPRESSES NO OPINION REGARDING ANY PENDING OR PROPOSED FEDERAL OR STATE OF MICHIGAN TAX LEGISLATION.

FURTHER, NO ASSURANCE CAN BE GIVEN THAT ANY ACTIONS OF THE INTERNAL REVENUE SERVICE, INCLUDING, BUT NOT LIMITED TO, SELECTION OF THE SERIES 2012 BONDS FOR AUDIT EXAMINATION, OR THE COURSE OR RESULT OF ANY EXAMINATION OF THE SERIES 2012 BONDS, OR OTHER BONDS WHICH PRESENT SIMILAR TAX ISSUES, WILL NOT AFFECT THE MARKET PRICE OF THE SERIES 2012 BONDS.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES 2012 BONDS, INCLUDING THE IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE OF MICHIGAN TAX LEGISLATION.

RATINGS

Fitch, Inc. ("Fitch"), Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc. ("Standard & Poor's"), have assigned their municipal bond ratings of "A-", "A2" and "A", respectively, to the Series 2012 Bonds, based upon the underlying credit (and without regard to bond insurance with respect to the Insured Bonds). Moody's and Standard & Poor's have assigned their municipal bond ratings of "Aa3" (on review for possible downgrade) and "AA-" (stable outlook), respectively, to the Insured Bonds with the understanding that upon delivery of such Insured Bonds, a policy insuring the payment when due of the principal and interest on the Insured Bonds will be issued by the Bond Insurer. See "BOND INSURANCE POLICY FOR CERTAIN SERIES 2012A BONDS" and APPENDIX H – "SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

A rating reflects only the views of the rating agency assigning such rating. As part of the process of obtaining ratings for the Bonds, the Authority has had discussions with, and submitted certain materials to, the rating agencies, which materials are consistent with the information provided in this Official Statement. There is no assurance that such ratings will remain in effect for any given period of time or that they may not be lowered, suspended or withdrawn entirely by such rating agencies, if in their judgment, circumstances so warrant. Any such downward change in or suspension or withdrawal of such ratings may have an adverse effect on the market price of the Series 2012 Bonds. Neither the Authority nor the Underwriters have undertaken any responsibility either to bring to the attention of the registered owners of the Series 2012 Bonds any proposed change in or withdrawal of such ratings or to oppose any such revision or withdrawal.

LEGAL MATTERS

The authorization, issuance and sale by the Authority of the Series 2012 Bonds are subject to the approval of Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan, as Bond Counsel. The proposed forms of the approving opinions of Bond Counsel are included in this Official Statement as APPENDIX G. Certain legal matters will be passed upon for the Authority by its General Counsel and for the Underwriters by their counsel, Winston & Strawn LLP.

Miller, Canfield, Paddock and Stone, P.L.C. is currently representing Citigroup Global Markets Inc. and J.P. Morgan Securities LLC in certain matters unrelated to the issuance of the Series 2012 Bonds. Miller, Canfield, Paddock and Stone, P.L.C. has obtained consents from the Authority, J.P. Morgan Securities LLC and Citigroup Global Markets Inc. with respect to such matters.

CONTINUING DISCLOSURE

In order to permit the Underwriters to comply with the continuing disclosure requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (as may be amended from time to time, the "Rule"), the Authority will covenant and agree for the benefit of the Holders or Beneficial Owners of the Series 2012 Bonds in a Continuing Disclosure Undertaking to provide certain annual financial information and operating data and notices of certain enumerated events, if material. See APPENDIX F – "FORM OF CONTINUING DISCLOSURE UNDERTAKING" for the detailed provisions of the Continuing Disclosure Undertaking, including the specific nature of the information to be provided on an annual basis and the events as to which notice is to be given, if material. All capitalized terms used but not defined in this section shall have the meanings ascribed to them in the Continuing Disclosure Undertaking.

Breach of the Continuing Disclosure Undertaking will not constitute a default under the Master Bond Ordinance. The sole and exclusive remedy of any Holder or Beneficial Owner of the Series 2012 Bonds for enforcement of the provisions of the Continuing Disclosure Undertaking shall be an action for mandamus or specific performance to cause the Authority to comply with its obligations thereunder. The Authority is in compliance with all undertakings previously entered into by it pursuant to the Rule.

In the Continuing Disclosure Undertaking, the Authority will agree to use its best efforts to require certain "obligated persons" (at this time only Delta) to provide certain annual financial information and operating data, unless the Authority is no longer required to do so under the Rule. The Authority has not undertaken to provide additional information regarding any person that is not obligated under an Airline Agreement, lease or other agreement having a term of more than one year to pay a portion of the debt service on the Series 2012 Bonds and providing at least twenty percent (20%) of the revenues of the Airport for the prior two (2) Operating Years.

Delta has agreed in its Airline Agreement (as defined below) with the Authority to provide to the Authority such information with respect to Delta as the Authority deems reasonably necessary in order for the Authority to comply with the requirements of the Rule.

The Disclosure Dissemination Agent—DAC

In order to provide certain continuing disclosure with respect to the Series 2012 Bonds in accordance with the Rule, as the same may be amended from time to time, the Authority has entered into a Disclosure Dissemination Agent Agreement ("Disclosure Dissemination Agreement") for the benefit of the Holders of the Series 2012 Bonds with Digital Assurance Certification, L.L.C. ("DAC"), under which the Authority has designated DAC as Disclosure Dissemination Agent.

The Disclosure Dissemination Agent has only the duties specifically set forth in the Disclosure Dissemination Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described in the Disclosure Dissemination Agreement is limited to the extent the Authority has provided such information to the Disclosure Dissemination Agent as required by the Disclosure Dissemination Agreement. The Disclosure Dissemination Agent has no duty with respect to the content of any disclosures or notice made pursuant to the terms of the Disclosure Dissemination Agreement. The Disclosure Dissemination Agent has no duty or obligation to review or verify any information in the Annual Report, Audited Financial Statements, notice of Notice Event or Voluntary Report, or any other information, disclosures or notices provided to it by the Authority and shall not be deemed to be acting in any fiduciary capacity for the Authority, the Holders of the Series 2012 Bonds or any other party. The Disclosure Dissemination Agent has no responsibility for the Authority'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 Authority has complied with the Disclosure Dissemination Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the Authority at all times.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

General

The Airport is the primary air carrier airport serving Southeast Michigan, including the City of Detroit (the 18th most populous city in the United States for 2010, based on U.S. Census Bureau data), the 10-county surrounding area located in the State, and the broader area of northern Ohio and northwestern Indiana. The Airport's service area has a total population of over 5.3 million residents.

According to ACI, in calendar year 2011 the Airport ranked 17th nationwide in total passengers, enplaning and deplaning 32,406,159 passengers an increase of approximately 0.1 percent over calendar year 2010. Also according to ACI, in calendar year 2011, the Airport ranked 11th nationwide in total aircraft operations, with 443,028 takeoffs and landings, a decrease of approximately 2.1 percent as compared to calendar year 2010.

According to FAA preliminary statistics for calendar year 2011, the Airport ranked 17th in the United States in enplaned passengers, with 15,716,865 enplaned passengers, an increase of 0.47 percent as compared to calendar year 2010. According to the Authority, in Operating Year+ 2011, enplaned passengers totaled 16,226,201, an increase of approximately 2.2 percent as compared to Operating Year 2010. Also according to the Authority, the number of domestic enplaned passengers at the Airport grew approximately 2.1 percent in Operating Year 2011. Despite significant travel interruptions resulting from the Asian earthquake and tsunami disasters that occurred in March 2011, international enplaned passengers at the Airport in Operating Year 2011 increased by approximately 3.7 percent as compared to Operating Year 2010.

Based upon nine months of Authority data for Operating Year 2012, total enplanements at the Airport increased 0.5 percent, as compared to the same period in Operating Year 2011, with 11,878,804 enplaned passengers through June 2012 as compared to 11,819,268 enplaned passengers through June 2011. Domestic enplanements for the same nine-month period in Operating Year 2012 also grew 0.1 percent, as compared to the same period in Operating Year 2011, while international enplanements for the nine-month period ended June 2012 increased 4.5 percent as compared to the nine-month period ended June 2011.

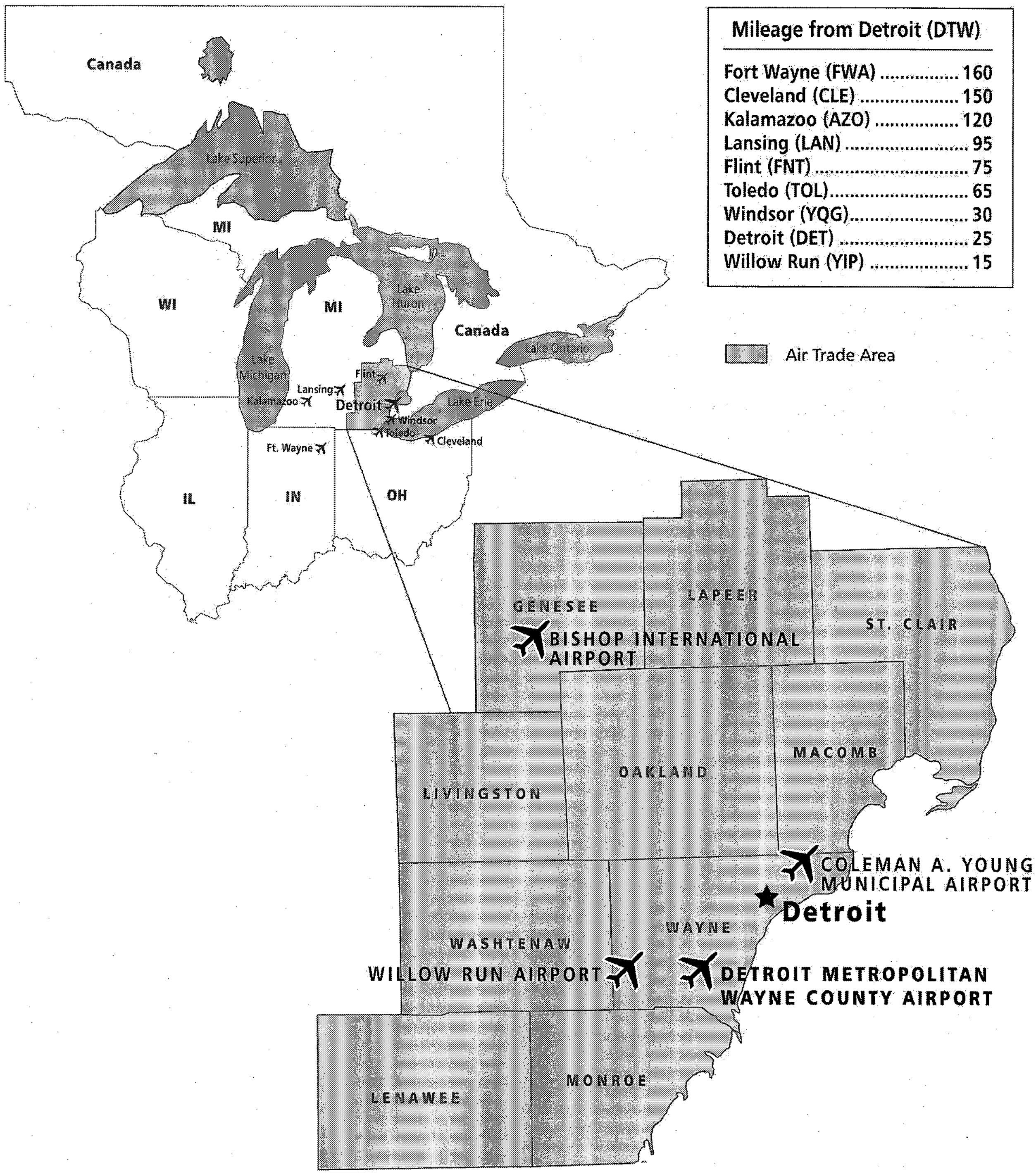
The Airport serves a large origin and destination market and is the second busiest connecting hub in the route system of Delta. See "DETROIT METROPOLITAN WAYNE COUNTY AIRPORT – Airlines Providing Service at the Airport – *Delta Air Lines*." Delta and the Delta Connection Carriers accounted for approximately 79.5% of the total enplaned passengers at the Airport in Operating Year 2011. The Airport also is an international gateway with significant air service to points in Asia, Europe, Mexico, the Caribbean and Canada.

The Airport's Air Trade Area

The Air Trade Area for the Airport consists of the Ann Arbor MSA that includes Washtenaw County; the Detroit-Warren-Livonia MSA that includes Lapeer, Livingston, Macomb, Oakland, St. Clair and Wayne Counties; the Flint MSA that includes Genesee County; the Monroe MSA that includes Monroe County; and the Adrian Micropolitan Statistical Area that includes Lenawee County. This 10-county area is located within the State. The population of the 10-county Air Trade Area totaled approximately 5.3 million in 2010 based on the U.S. Census Bureau's 2010 Census data. Wayne and Oakland counties are the Air Trade Area's two most populous counties and were ranked as the 15th and 32nd-largest counties, respectively, in the nation for population in 2010.

The Airport's Air Trade Area is illustrated on the following page.

+ The Authority's Operating Year ends on September 30.



Source: Cartesia Software, Map Art, 1998.
Prepared by: Ricondo & Associates, Inc..

Management of the Airport

The Board. The Authority is governed by a seven-member Board. The Authority Act requires that two Board members be appointed by the Governor of the State, four Board members be appointed by the County Executive and one Board member be appointed by the County Commission. Authority Board members serve without compensation for six-year terms, but may not serve for more than two consecutive full terms. The expiration date of the term of office for Board members is October 1 of the year in which the term is to expire, but a Board member holds office until the Board member's successor is appointed and qualified, or until resignation or removal.

The current members of the Authority Board are:

Mary L. Zuckerman is Chairperson of the Authority Board. Ms. Zuckerman is Executive Vice President and Chief Operating Officer of the Detroit Medical Center ("DMC"). Before joining DMC in January 2004, she spent ten years with the County. During her tenure with the County, Ms. Zuckerman held various executive level positions, including Deputy County Executive. Additionally, she served as the County's project manager for the Tigers and Lions stadium development teams and oversaw the opening of the McNamara Terminal at the Airport for the County. Ms. Zuckerman earned her Master's Degree in Public Administration from Northern Illinois University and a Bachelor's Degree from Winona State University. She is a resident of Livonia and was appointed to a six-year term by former Governor Jennifer Granholm. Her term on the Wayne County Airport Authority Board expires October 1, 2014.

Alfred R. Glancy, III is Vice Chairperson of the Authority Board. Mr. Glancy is Executive Chairman of Unico Investment Company and Unico Investment Group, LLC and retired Chairman and Chief Executive Officer of MCN Energy Group, Inc. MCN Energy Group, including its principal subsidiary Michigan Consolidated Co. ("MichCon"), was an integrated energy company with nearly $5 billion in assets and $2.8 billion in annual revenues that merged with DTE Energy Co. in 2001. Mr. Glancy joined MichCon in 1962 and served in a number of roles before advancing to become Chairman, President and CEO in 1984. He served as CEO until September 1992 and as Chairman until the merger with DTE Energy. Following the merger, he served on the Board of DTE Energy until his retirement in April 2009. Mr. Glancy is Chairman Emeritus and Chairman of the Finance Committee of the Detroit Symphony Orchestra and past chairman of Detroit Renaissance, Inc., Detroit Medical Center, New Detroit, Detroit Economic Growth Corp. and MLX Corp. Additionally, Mr. Glancy serves on the boards of several Metro Detroit community organizations, including Citizens Research Council of Michigan, Business Leaders for Michigan and the University of Michigan Visiting Committee for the Michigan Center for Theoretical Physics. Mr. Glancy is a graduate, cum laude, of Princeton University and earned an MBA from Harvard Business School. He was appointed by County Executive Robert Ficano to complete the remainder of a term ending on October 1, 2014.

Suzanne K. Hall, Secretary of the Authority, is a private consultant specializing in public administration. Ms. Hall retired from the County as an employee in 2009 after 23 years of service during which time she held various executive level positions, including Director of Administration for the Sheriff's Office, Deputy County Executive for Administration and Deputy Director for the Department of Health and Community Services. For 18 years, Ms. Hall was an elected official for the City of Southgate, Michigan, four years as Mayor and 14 years as a Councilwoman. Ms. Hall is a resident of Southgate, Michigan. She is an appointee of former Governor Jennifer Granholm. Her term on the Authority Board expires October 1, 2016.

Michael J. Jackson, Sr. is Executive Secretary/Treasurer of the Michigan Regional Council of Carpenters and Millwrights. In this role, he serves as chief operating officer for the organization representing more than 20,000 carpenters, millwrights, resilient floor layers and pile drivers in public and private workplaces through ten locals across Michigan. Prior to his election to the union's highest state office in 2009, he served as the Council's Political Director. Mr. Jackson began his career as a Journeyman Field Carpenter in 1989, and has since held a number of progressively responsible positions within the organization from organizer and business agent to office manager. Throughout his career, Mr. Jackson has become a nationally recognized labor and civic leader. He has been honored with the Spirit of Detroit Award by the Detroit City Council in recognition of outstanding achievement and service to the City. Mr. Jackson served as president of a Central Labor Council of the AFL-CIO, and on the boards of the Robert Ficano Hope Foundation and Wayne County Business Development Corporation. He also was appointed by Michigan Governor Rick Snyder to serve on his Economic Development Transition Team and as a board member of the Michigan Economic Growth Authority. Mr. Jackson is a resident of Dearborn, Michigan. He is an appointee of the current County Executive. His term expires October 1, 2017.

Samuel A. Nouhan is an attorney. His practice areas include product liability, employment and municipal law. Mr. Nouhan previously was a partner with Bowman and Brooke, LLP, and also previously served in the office of the County Corporation Counsel and as a clerk to two federal judges. Mr. Nouhan previously served on the Grosse Pointe Park City Council. Mr. Nouhan is a resident of Dearborn Heights, Michigan. He is an appointee of the current County Executive. His term on the Authority Board expires October 1, 2014.

Bernard F. Parker, Jr. has represented District 2 on Detroit's eastside since 1990 as a County Commissioner and has dedicated his entire life to community and public service. In 1971, Commissioner Parker co-founded Operation Get Down, a grassroots community-service organization located on the eastside of Detroit. Commissioner Parker sits on numerous boards of directors, some of which include New Detroit, the NAACP and St. John Hospital. Commissioner Parker is a resident of Detroit, Michigan. He was appointed by the County Commission as the representative to the Authority Board. His term on the Authority Board expires October 1, 2012.

Charlie J. Williams is President and Chief Executive Officer of MPS Group, Inc., a managed professional services company, whose business consists of industrial, environmental and facilities services. Mr. Williams has served in County Executive Robert A. Ficano's administration, as well as the administrations of the late Edward H. McNamara and the late Detroit Mayor Coleman A. Young. During his years of public service, Mr. Williams has served in various positions, including Deputy County Executive, Assistant County Executive, Director of Personnel (Wayne County and Detroit), Chief of Staff (Detroit) and Director of the Detroit Water and Sewage Department. Mr. Williams is a resident of Detroit, Michigan. He is an appointee of the current County Executive. His term on the Authority Board expires October 1, 2012.

Authority Board members serve without compensation for six-year terms, but may not serve for more than two terms. The Board must meet not less than quarterly each year, and all meetings must be held in compliance with the Michigan Open Meetings Act. The Board appoints a Chief Executive Officer ("CEO"), who is responsible for, among other things, the day-to-day operation of the Airports, including the control, supervision, management and oversight of the functions of the Airports.

The Board provides for the annual auditing of the accounts of the Authority to be performed by independent auditors. The Board appoints an audit committee of three Board members to supervise this process. The audit committee is to meet at least four times each year with the Chief Executive Officer, the Chief Financial Officer (who is appointed by the Chief Executive Officer) and the Authority's independent public auditors to review the financial condition, operations, performance and management of the Authority and the Airport. In addition, the Chief Executive Officer appoints an internal auditor to evaluate the Authority's internal accounting and administrative control system and conduct audits relating to the Authority's financial activities.

Authority Staff. Thomas J. Naughton was appointed Interim Chief Executive Officer of the Authority by the Authority Board on October 31, 2011. Prior to this appointment, Mr. Naughton served as the Chief Financial Officer for the Authority from its formation in 2002. Mr. Naughton was the Chief Financial Officer of the County from 1995 until 2002, and the Deputy Chief Financial Officer of the County from 1988 to 1995. As Interim CEO, he is responsible for the day-to-day operations of the Airports. In Mr. Naughton's previous role as Chief Financial Officer of the Authority, he was responsible for overseeing all of the financial activities of the Authority, and beginning in May 2010, also was responsible for the oversight of all landside, concession, real estate and air service development activities for the Authority. Beginning in September 2009, Mr. Naughton also became responsible for all airfield operations at the Airport. Mr. Naughton is a CPA with almost 30 years of financial experience. Prior to his work for the County, Mr. Naughton was a Senior Manager, Audit for Ernst & Young LLP and a Senior Auditor for Derderian, Kann, Seyferth & Salucci. Mr. Naughton received a B.A. in Business Administration from Michigan State University.

Terrence P. Teifer is the Chief Financial Officer of the Authority. Mr. Teifer assumed the role of Interim Chief Financial Officer on October 31, 2011, upon Thomas Naughton's appointment as Interim CEO, and in June 2012 Mr. Teifer was named the Chief Financial Officer. Mr. Teifer previously served as Interim Senior Vice President - Business Development and Treasury from September 1, 2010 to October 31, 2011. From February 2003 to September 2010, Mr. Teifer served as the Authority's Vice President - Treasury Operations, responsible for banking, cash management, surplus fund investments, debt management, risk management, safety, employee benefits, payroll, and oversight of the Authority-owned Westin Hotel. As Chief Financial Officer, in addition to being responsible for oversight of all of the financial activities of the Authority, Mr. Teifer oversees the Procurement, Human Resources, and Technology Services functions for the Authority. Before joining the Authority, Mr. Teifer served as Deputy County Treasurer, responsible for the County's Treasury management, including the Airport, from 1988 to 2003. Mr. Teifer is a long time active elected local government leader, serving 35 years as Board of Education Trustee, City Treasurer, and for the last 22 years, Councilmember of the City of Trenton. Mr. Teifer also serves on the Board of the Downriver Community Conference and Mutual Aid, a consortium of 21 communities that surround the Airport, providing numerous joint services to the 500,000 citizens of the member communities. Prior to his public service, Mr. Teifer held management positions in the defense, steel manufacturing, and banking industries. Mr. Teifer received a B.S. from Michigan State University in 1971.

Mark L. DeBeau is the Senior Vice President of Public Safety for the Authority. Mr. DeBeau is responsible for the Police, Fire, Security, Communications and Emergency Management functions at the Airports. Mr. DeBeau has been with the Airports for nearly 25 years holding numerous public safety positions, starting in 1987 as Assistant Security Manager. He has worked in the public safety field for over 35 years. He is both a certified Michigan Police Officer and Firefighter. Mr. DeBeau graduated from Central Michigan University in 1973 with a B.S. in Business Administration and in 1993 gained a masters degree from Eastern Michigan University in Liberal Studies. He also is a graduate of the FBI National Academy and Northwestern University Traffic Institute's School of Police Staff and Command. Mr. DeBeau also is a Certified Member of the American Association of Airport Executives.

Jon Hypnar, AIA, is the Chief Operating Officer of the Authority, assuming this role on March 1, 2012. Mr. Hypnar joined the Authority in May 2003 as the Director – North Terminal Redevelopment and served in this capacity through the completion of the terminal. Mr. Hypnar also served as Senior Vice President – Facilities, Maintenance & Planning for the Authority from April 2, 2007, through February 8, 2012. Mr. Hypnar's responsibilities for the Authority include the administration, management, and coordination of all airfield operations, design and construction activities for the airfield, roads and parking facilities at the Airports, and the administration and management of maintenance of all of the airfield, landside, infrastructure and other non-building facilities on the Airport. Mr. Hypnar is a registered architect, and has worked in the aviation industry for over 25 years. Prior to joining the Authority, he worked at several aviation consulting firms, held a management position at Sverdrup Corporation (an aviation consultant) and was a Vice President at Barton Malow (a large Midwest construction firm) from 1998 to 2003. Mr. Hypnar received his undergraduate degree from the University of Cincinnati in 1973 and attended Virginia Polytechnic Institute for graduate work.

Marcus S. Kemper, RA, AIA, is the Senior Vice President – Planning and Development for the Authority. Mr. Kemper's responsibilities for the Authority include the oversight, organization and management of the Authority's strategic planning, business and economic development, and management and improvement of Airport facilities. These duties include all airport real estate matters, air service development, administration and management of airport concessions programs, airport planning, and design, construction and maintenance of airport building facilities. Prior to joining the Authority in January 2012, Mr. Kemper spent 18 years in the corporate real estate departments of Northwest and Delta, and 17 years in the U.S. Navy Civil Engineer Corps. Mr. Kemper received a Bachelor of Architecture degree from the University of Kentucky, a Masters in Planning and Community Development and Masters of Architecture in Urban Design from the University of Colorado at Denver and an Executive Masters of Business Administration from the University of St. Thomas.

Emily K. Neuberger has served as Senior Vice President and General Counsel for the Authority since April 2004, and in that capacity she is responsible for the oversight of all legal matters for the Authority, Authority governance matters, and the Authority's federal and state government affairs. Before joining the Authority, Ms. Neuberger was a partner in the law firms of Foley & Lardner LLP from 2001 to 2004, and Hopkins & Sutter from 1988 until its 2001 merger with Foley & Lardner LLP. Ms. Neuberger joined Hopkins & Sutter in 1982 after receiving a J.D. from Northwestern University School of Law. While in private practice, Ms. Neuberger represented the interests of airport operators, including the County and the Authority, in a variety of legal matters, and also represented other aviation industry participants primarily in connection with the issuance of debt for airport capital development. Ms. Neuberger received a B.A. from the University of Rochester in New York, and an M.A. from Western Michigan University. She is also a graduate of Leadership Detroit XXVIII.

Airport Facilities

The Airport is located in the City of Romulus, County of Wayne, Michigan, approximately 20 miles by road southwest of the central business district of the City of Detroit. The Airport currently provides passenger services from two terminal buildings (the McNamara Terminal, which opened in February 2002, and the North

Terminal, which opened in September 2008). Delta, the Delta Connection Carriers and Delta's Sky Team partner, Air France, operate at the McNamara Terminal. All of the other airlines at the Airport, including all charter airlines, operate at the North Terminal. Both terminals have federal inspection service facilities for international arrivals. The Airport has six total air carrier runways, four north-south runways in the primary wind direction and two east-west crosswind runways. Three of the runways are longer than 10,000 feet and all of the runways are longer than 8,500 feet. Of the twelve current runway approaches, eight are equipped with precision instrument landing systems. Three of the runways are equipped with precision instrument landing systems for both runway approaches.

Aviation Activity

Enplanements. In Operating Year 2011, according to the Authority's records, enplaned passengers at the Airport totaled 16,226,201, an increase of approximately 2.2 percent as compared to Operating Year 2010. Also according to Authority records, the number of domestic enplaned passengers grew approximately 2.1 percent in Operating Year 2011. Despite significant travel interruptions resulting from the Asian earthquake and tsunami disasters that occurred in March 2011, international enplaned passengers increased by approximately 3.7 percent in Operating Year 2011 as compared to Operating Year 2010. Based upon nine months of Authority data for Operating Year 2012, total enplanements at the Airport have increased 0.5 percent, as compared to the same period in Operating Year 2011, with 11,878,804 enplaned passengers through June 2012 as compared to 11,819,268 enplaned passengers through June 2011. Domestic enplanements for the same nine-month period in Operating Year 2012 also grew 0.1 percent, as compared to the same period in Operating Year 2011, while international enplanements for the nine-month period ended June 2012 increased by 4.5 percent as compared to the nine-month period ended June 2011.

According to FAA preliminary statistics for calendar year 2011, the Airport ranked 17th in the United States in enplaned passengers, with 15,716,865 enplaned passengers, an increase of 0.47 percent as compared to calendar year 2010. Passenger activity at the Airport decreased from approximately 18.1 million enplanements in Operating Year 2007 to approximately 16.2 million enplanements in Operating Year 2011. The significant increase in fuel prices and the national economic crisis that began in 2007 had a material negative impact on passenger traffic at the Airport during that period.

The following table presents enplaned passenger traffic at the Airport for Operating Years 2008 through 2012 (projected as of July 2012):

HISTORICAL ENPLANED PASSENGERS
OPERATING YEAR 2008 – OPERATING YEAR 2012

Operating Year	Domestic	International	Total	% Increase (Decrease)
2008	16,271,128	1,560,103	17,831,231	(1.5%)
2009	14,622,391	1,318,741	15,941,132	(10.6%)
2010	14,614,045	1,262,336	15,876,381	(0.4%)
2011	14,912,532	1,313,669	16,226,201	2.2%
2012+	14,816,800	1,383,200	16,200,000	(0.2%)

+ Projection as of July 2012.
Source: Wayne County Airport Authority records.

Originating and Connecting Passenger Activity. The Airport served 6,232,860 domestic originating passengers in calendar year 2010 and 6,761,125 domestic originating passengers in calendar year 2011. The number of domestic originating enplaned passengers at the Airport decreased at a compounded annual rate of 2.8% between calendar year 2005 and calendar year 2010. Domestic originating passengers represented 44.1% of domestic enplaned passengers in calendar year 2010 and 45.4% in calendar year 2011. The following table presents originating and connecting enplanements at the Airport for Operating Years 2008 through 2012 (projected as of July 2012):

HISTORICAL DOMESTIC ORIGINATING AND CONNECTING ENPLANEMENTS
CALENDAR YEAR 2008 – CALENDAR YEAR 2012

Calendar	Domestic Originations		Domestic Connections	
Year	Number	% of Total	Number	% of Total
2008	7,386,420	46.2%	8,591,640	53.8%
2009	6,671,730	46.4%	7,718,609	53.6%
2010	6,566,987	44.1%	8,310,099	55.9%
2011	6,761,125	45.4%	8,139,173	54.6%
2012+	6,799,914	46.0%	7,982,508	54.0%

+ Projection as of July 2012.

Source: Wayne County Airport Authority; U.S. Department of Transportation Origin & Destination Schedule Survey of Airline Passenger Traffic, 298c Commuter Data, and Airport Activity Statistics of Certificated Route Air Carriers, T100.

Airlines Providing Service at the Airport

As of July 2012, the Airport was served by twenty-one U.S. flag scheduled passenger air carriers, including four legacy/mainline carriers, four low-cost carriers, and fourteen regional carriers providing service for various legacy/mainline carriers. In addition, as of July 2012, four foreign flag airlines provided scheduled passenger service and one charter carrier provides non-scheduled passenger service at the Airport. Two all-cargo carriers provide scheduled cargo service at the Airport.

Legacy/Mainline Carriers	Foreign Flag Airlines	Cargo Airlines	Charter Airlines
American Airlines*	Air Canada (Jazz/Air Georgian)	Federal Express*	Allegiant
Delta Air Lines*	Air France*	United Parcel Service*	
United Airlines*[(1)]	Lufthansa German Airlines*		
US Airways*	Royal Jordanian Airlines		

Low Cost Carriers

AirTran Airways*[(2)]
Frontier Airlines
Southwest Airlines*
Spirit Airlines*

Regional Carriers

Air Wisconsin (d/b/a US Airways Express)
American Eagle
Chautauqua (d/b/a Delta Connection)
Comair (d/b/a Delta Connection) [(3)]
Compass (d/b/a Delta Connection)
ExpressJet (d/b/a United Express)
GoJet (d/b/a United Express and Delta Connection)
Mesa (d/b/a US Airways Express and United Express)
Pinnacle Airlines (d/b/a Delta Connection)*[(4)]
PSA (d/b/a US Airways Express)
Republic Airlines (d/b/a US Airways Express)
Shuttle America (d/b/a Delta Connection and United Express)
SkyWest Airlines (d/b/a Delta Connection and United Express)

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* Signatory Airline.

(1) United Airlines ("United") acquired Continental Airlines ("Continental") by merger on October 1, 2010. The FAA issued a single Operating Certificate for the combined airline on November 30, 2011, which now operates as a single carrier known as United Airlines. As a technical legal matter, Continental continues to exist as a legal entity.

(2) On May 2, 2011, Southwest Airlines ("Southwest") acquired AirTran Airways ("AirTran"); a single Operating Certificate was issued by the FAA on March 1, 2012, naming both airlines on the certificate, which continue to operate as two separate airlines.

(3) On July 27, 2012, Delta announced that Comair, a Delta subsidiary would cease operations after September 29, 2012. It is anticipated that other Delta Connection Carriers will replace Comair operations at the Airport.

(4) On July 1, 2010, Delta sold Mesaba Aviation, Inc. ("Mesaba"), which Delta had acquired in the Northwest merger transaction, to Pinnacle Airlines Corporation ("Pinnacle"). Mesaba was a Signatory Airline which operated Delta Connection flights at the Airport after the Delta/Northwest merger. Mesaba effectively ceased operations on January 4, 2012, when all aircraft and personnel were shifted under the Pinnacle operating certificate, although Pinnacle technically retains the former Mesaba operating certificate and Mesaba technically continues to exist as a legal entity.

Source: Wayne County Airport Authority; Official Airline Guide, July 2012.

The historical share of enplaned passengers by airline at the Airport between Operating Year 2007 and Operating Year 2011 is shown in the following table.

HISTORICAL TOTAL ENPLANED PASSENGERS BY AIRLINE
(OPERATING YEARS ENDING SEPTEMBER 30)

	2007		2008		2009		2010		2011	
AIRLINE [1]	Enplaned Passengers	Share	Enplaned Passengers	Share	Enplaned Passengers	Share	Enplaned Passengers	Share	Enplaned Passengers	Share
Delta/Northwest [2]										
Northwest Airlines	13,696,101	75.6%	13,603,857	76.3%	12,047,782	75.6%	6,989,549	44.0%	0	0.0%
Delta Air Lines	352,683	1.9%	398,929	2.2%	664,705	4.2%	5,804,439	36.6%	12,907,512	79.5%
Subtotal Delta/Northwest	14,048,784	77.6%	14,002,786	78.5%	12,712,478	79.7%	12,793,988	80.6%	12,907,512	79.5%
Other Airlines										
Spirit Airlines	953,175	5.3%	821,888	4.6%	608,078	3.8%	570,870	3.6%	718,914	4.4%
Southwest Airlines	606,113	3.3%	595,944	3.3%	523,304	3.3%	553,612	3.5%	611,582	3.8%
US Airways	546,251	3.0%	547,702	3.1%	524,457	3.3%	526,828	3.3%	568,390	3.5%
United Airlines [3]	656,756	3.6%	610,876	3.4%	519,625	3.3%	485,259	3.1%	461,505	2.8%
American Airlines	535,059	3.0%	527,649	3.0%	472,541	3.0%	446,625	2.8%	430,126	2.7%
AirTran	239,410	1.3%	216,149	1.2%	219,356	1.4%	207,513	1.3%	213,598	1.3%
Frontier Airlines	121,456	0.7%	126,580	0.7%	117,396	0.7%	117,173	0.7%	140,291	0.9%
Air France	48,355	0.3%	45,947	0.3%	55,233	0.3%	70,685	0.4%	76,568	0.5%
Lufthansa	98,008	0.5%	102,121	0.6%	72,884	0.5%	65,568	0.4%	67,952	0.4%
Royal Jordanian	14,150	0.1%	16,434	0.1%	14,822	0.1%	15,258	0.1%	14,051	0.1%
Air Canada (Jazz)	13,085	0.1%	13,678	0.1%	5,965	0.0%	6,875	0.0%	12,340	0.1%
USA 3000	67,516	0.4%	79,304	0.4%	19,823	0.1%	11,775	0.1%	153	0.0%
Other [4]	159,972	0.9%	55,987	0.3%	75,161	0.4%	4,352	0.0%	3,219	0.0%
Subtotal Other Airlines	4,059,306	22.4%	3,828,445	21.5%	3,228,654	20.2%	3,082,393	19.4%	3,318,689	20.5%
AIRPORT TOTAL	18,108,090	100.0%	17,831,231	100.0%	15,941,132	100.0%	15,876,381	100.0%	16,226,201	100.0%

Note: Figures may not add due to rounding.

(1) Includes regional affiliated carriers, as applicable.
(2) Northwest merged with Delta and the FAA granted a single operating certificate to Delta on December 31, 2009.
(3) United Airlines and Continental Airlines merged in October 2010, historical enplanements for these carriers are combined in this table.
(4) Includes airlines with minimal market share or that may not operate at the Airport as of Operating Year 2012.

Source: Wayne County Airport Authority, May 2012.
Prepared by: Ricondo & Associates, Inc., May 2012.

Delta Air Lines. Delta maintains its second busiest connecting hub and an international gateway at the Airport. In 2008, a wholly-owned subsidiary of Delta merged with and into Northwest Airlines Corporation, with the result that Northwest Airlines Corporation and its wholly-owned subsidiaries, including Northwest, became wholly-owned subsidiaries of Delta. In December 2009, Northwest merged with and into Delta and, subsequently, the Northwest brand was phased out and the merged airline operates under the Delta name and brand. Delta and the Delta Connection Carriers accounted for approximately 79.5% of the total enplaned passengers at the Airport in Operating Year 2011. See "INVESTMENT CONSIDERATIONS — Delta's Presence at the Airport" below.

For additional information regarding Delta, see Form 10-K for the fiscal year ended December 31, 2011 filed by Delta with the Securities and Exchange Commission (the "SEC"), and other reports and information filed with the SEC by Delta subsequent to December 31, 2011.

The Authority has no information regarding the financial condition of Delta other than from SEC filings and press releases of Delta. No assurance can be given concerning the present or future viability of Delta.

Airport Use Agreements

Signatory Airlines. A large portion of the Revenues deposited by the Authority into the Revenue Fund in accordance with the Master Bond Ordinance is derived from rentals, fees and charges imposed upon airlines operating at the Airport under agreements relating to their use of the Airport. Pursuant to the terms of the Airline Agreements (as defined below), the Authority calculates airline landing fee rates under an Airport-wide residual methodology. As such, the Signatory Airlines (as defined below) are obligated to pay the net cost of operating the entire Airport, including operating expenses and all debt service requirements. If the Authority incurs a deficit in any particular Operating Year, it has the ability to increase landing fee rates to the Signatory Airlines in order to recover the amount of the deficit. Conversely, if the Authority realizes a surplus, the Authority must refund the surplus to the Signatory Airlines.

Each of the following airlines is a party to an Airline Agreement: Air France, AirTran, American Airlines ("American"), Continental, Delta, Federal Express, KLM Royal Dutch Airlines ("KLM"), Lufthansa German Airlines, Mesaba, Pinnacle, Southwest, Spirit Airlines ("Spirit"), United, United Parcel Service and US Airways (collectively, the "Signatory Airlines"). KLM is not currently operating at the Airport; also, as a result of the United-Continental merger, Continental no longer operates; and as a result of the Pinnacle acquisition of Mesaba, Mesaba no longer operates.

Airline Agreements. Each of the Signatory Airlines is a party to an Airport Use and Lease Agreement with respect to its use of the Airport (each an "Airline Agreement," and collectively referred to as the "Airline Agreements"). The Airline Agreements expire September 30, 2032. Under the Airline Agreements, the Signatory Airlines pay rentals and use fees for the lease and use of airline premises in the terminals at the Airport and Activity Fees (*i.e.*, landing fees) (as defined in APPENDIX D – "SUMMARY OF THE AIRLINE AGREEMENTS") for the common use of other terminal and airfield facilities.

See APPENDIX D – "SUMMARY OF THE AIRLINE AGREEMENTS."

Capital Improvement Program

The Authority maintains an ongoing CIP to address the capital development needs of the Airport. The Authority's current five-year CIP (Operating Year 2013 – Operating Year 2017) for the Airport includes primarily airfield improvements, as well as improvements to airport support facilities, including the Airport's parking garages and surface lots, electrical distribution system, HVAC facilities, roads, bridges, roofs, storm water system and water distribution system, a new ground run-up facility, a fleet replacement plan, a new Authority administrative facility and other miscellaneous support facilities. The total estimated cost for the current five-year CIP for the Airport is $565 million, with airfield projects comprising an estimated $376 million of this total. Included in the airfield projects in the current five-year CIP are the reconstruction of Runway 4R/22L, the reconstruction of the western portion of Runway 9L/27R and adjacent taxiways, the reconstruction of the southern portion of Runway 3L/21R and taxiways M and F, the reconstruction of the balance of taxiway W and the reconstruction of numerous other taxiways at the Airport. The Authority currently is undertaking, or anticipating that it will undertake, these projects within the next five- to six-year period. The Authority anticipates that the CIP projects will be funded from a combination of existing Bond proceeds, Additional Bond proceeds, federal grants, and Authority discretionary and other funds. See "*—CIP Funding Sources*" below. The Series 2012 Projects are a subset of the capital projects contained in the CIP and are to be funded, in part, with the net proceeds of the Series 2012 Bonds. See "SERIES 2012 PROJECTS" herein.

Some of the CIP projects contemplated to be funded with the proceeds of Additional Bonds do not currently have Weighted Majority Approval (as such term is defined in the Airline Agreements and more fully described in APPENDIX D – "SUMMARY OF THE AIRLINE AGREEMENTS"). As a result of the forward-looking nature of the CIP, some of the anticipated funding sources for the projects may not be approved and are subject to change.

Master Plan. The Authority completed a new 20-year Master Plan for the Airport in 2008 (the "Airport Master Plan"), which represents the actions to be accomplished for the phased development of the Airport over the 2008 – 2027 planning horizon. The Airport Master Plan reflects all airfield, terminal, landside/ground access and support facility projects necessary to meet the anticipated demand for air travel over the planning horizon. The FAA requires an airport master plan from any airport that plans to seek federal funding for airport development projects.

The Authority's Preferred Development Plan for the Airport includes, among numerous other projects, a consolidated car rental facility, an expansion of the blue deck parking facility, an airport transit system, expansions of the McNamara Terminal and the North Terminal, a 1,500 foot extension of Runway 21R, a new fifth parallel runway and a north public parking garage and intermodal center. The current estimated total cost of the new Master Plan projects is $3.2 billion, of which approximately $300 million is included in Phase I (2008-2012), $1.6 billion is in Phase II (2013-2017) and $1.3 billion is in Phase III (2018-2027). The likely funding sources for the Master Plan projects would include future Bond proceeds, federal grants, PFCs, customer facility charges, Airport Development Fund moneys and third party funding.

The FAA accepted the Master Plan on June 18, 2009, and an extensive process of design, engineering and impact assessment in connection with Master Plan is underway. Master Plan projects not already in the current five-year CIP will be added to the CIP on a phased development basis.

CIP Funding Sources. The Authority's funding sources for the current five-year CIP are the Series 2012 Bonds, federal grants, proceeds of Additional Bonds, proceeds of Outstanding Senior Lien Bonds and Junior Lien Bonds, and Authority discretionary and other funds.

Outstanding Bonds. The Authority has previously issued Senior Lien Bonds and Junior Lien Bonds to fund a portion of the costs of certain capital projects in the current five-year CIP. Approximately $50 million of the proceeds of these Bonds are available to fund the CIP projects.

Additional Bonds. The Authority is authorized to issue airport revenue bonds to finance the cost of capital projects at the Airports and include the debt service on such bonds in the fees and charges of the Signatory Airlines, subject to receiving the approval of a Weighted Majority for such capital projects. Some of the projects in the Authority's current five-year CIP already have been approved by a Weighted Majority; other CIP projects will require Weighted Majority approval before the Authority may issue Bonds or spend surplus Bond proceeds on hand to fund any portion of the costs of these projects. The Authority currently projects that such Additional Bonds will not be issued until 2014 or later.

Grants. The Airport and Airway Improvement Act of 1982 created a grant program that is administered by the FAA. The FAA allocates federal grants through the Airport Improvement Program (the "AIP"). The AIP grants include entitlement grants, which are allocated among airports by the FAA in accordance with a formula based on enplaned passengers and cargo-landed weight, and discretionary grants, which are allocated by the FAA in accordance with its guidelines. FAA grants are subject to annual Congressional appropriation. On February 6, 2012, Congress passed a four-year reauthorization bill for the FAA, the FAA Modernization and Reform Act of 2012 (the "2012 Reauthorization"), which was signed into law by the President of the United States on February 14, 2012. The 2012 Reauthorization authorizes $3.35 billion per year for the AIP through federal fiscal year 2015, which is $150 million per year less than the funding level for the previous five years. The President's federal budget for federal fiscal year 2013 proposes to reduce AIP funding to $2.4 billion for such federal fiscal year.

The Authority expects to use federal grants to pay for a portion of the CIP. No assurance can be made that the FAA will award the additional federal grants that the Authority expects to obtain, or that, if awarded, the federal grant funds will be received in the amount or at the time contemplated by the Authority. The availability of the anticipated grant amounts is subject to future availability of federal discretionary funds that the FAA commits to the projects. In addition, the AIP expires periodically and federal reauthorization is required to continue.

If the grants are not awarded or received, in whole or in part, the Authority could request Weighted Majority approval of the unfunded costs, and if received, issue Additional Bonds to pay such costs.

The following table presents the anticipated CIP projects for the period from Operating Year 2013 through Operating Year 2017, along with associated cost estimates and anticipated funding sources.

Airport Five Year Capital Improvement Program Funding Sources (1)

(Figures in Thousands)

CATEGORY	ESTIMATED TOTAL COST	AIP GRANTS	AUTHORITY FUNDS	PREVIOUS BONDS	SERIES 2012A BONDS AND SERIES 2012B BONDS	FUTURE BONDS	TO BE DETERMINED
	ANTICIPATED FUNDING SOURCES						
Airfield (2)	$ 376,106	$ 47,990	$ -	$ 33,148	$ 124,793	$ 170,175	$ -
Electrical Distribution System	18,025	-	250	-	6,000	-	11,775
Fleet & Equipment	13,400	-	-	-	13,400	-	-
HVAC	14,065	1,850	11,215	-	-	-	1,000
Noise Mitigation	11,125	8,899	-	-	2,226	-	-
Parking Decks & Lots	34,060	-	2,950	1,000	30,110	-	-
Roads & Bridges	15,825	-	250	7,575	-	6,250	1,750
Roofing	2,030	-	-	-	2,030	-	-
Security & Communications	27,125	2,125	-	-	3,100	21,900	-
Storm Water System	3,700	-	-	1,200	-	-	2,500
Support Facilities	34,425	-	5,250	6,375	16,200	5,400	1,200
Terminals	11,662	5,250	3,000	662	-	2,750	-
Water Distribution System	4,000	-	-	-	4,000	-	-
Total	$ 565,548	$ 66,114	$ 22,915	$ 49,960	$ 201,859	$ 206,475	$ 18,225

Notes:

(1) Certain CIP projects that require approval by a Weighted Majority of Signatory Airlines in order to fund such projects with Bond proceeds are not yet approved, expenditure schedules are subject to change, and projects are subject to demand and available funding.

(2) For the purposes of this analysis includes the De-Icing Fluid Forcemain to DWSD project, a Series 2012 Project, which is substantially complete and therefore excluded from the Authority's CIP.

Source : Wayne County Airport Authority, July 2012.
Prepared By: Ricondo & Associates, Inc., July 2012.

The Series 2012 Projects are a subset of the capital projects contained in the CIP and are to be funded, in part, with the net proceeds of the Series 2012 Bonds. For further information regarding the Series 2012 Projects and the estimated costs and funding sources for the Series 2012 Projects, see "SERIES 2012 PROJECTS" herein.

AIRPORT FINANCIAL INFORMATION

Airport Indebtedness

General. Capital improvements at the Airport have been financed through the issuance of Senior Lien Bonds, Junior Lien Bonds and Special Facilities Revenue Bonds, and with PFCs, federal grants and other Airport funds. In addition, to support the Authority's working capital needs at the Airport, the Authority has a $15,000,000 line of credit with JPMorgan Chase Bank, N.A. To date, the Authority has not drawn on such line of credit. In September 2007, the Authority also executed a Master Lease Purchase Agreement (the "Lease Agreement") with Chase Equipment Leasing Inc. ("Chase Leasing"), a subsidiary of JPMorgan Chase Bank, N.A., pursuant to which Chase Leasing financed certain equipment purchases under the Lease Agreement. In addition, in May 2008, the Authority executed an Efficiency Improvement Agreement for Detroit Metropolitan Wayne County Airport with Siemens Building Technologies, Inc. ("Siemens"), pursuant to which Siemens agreed to finance up to $3,886,162 in Phase IIa improvements over a 15 year period. In March 2012 and May 2012, the Authority entered into three separate lease purchase agreements with Chase Leasing for major equipment purchases totaling $1,333,209, and expects to enter into one additional lease purchase agreement with Chase Leasing in the amount of $832,895 in September 2012.

Taking into account the impact of the issuance of the Series 2012 Bonds, the aggregate principal amount of Outstanding Senior Lien Bonds as of the date of issuance of the Series 2012 Bonds will be $1,972,305,000, and the aggregate principal amount of Outstanding Junior Lien Bonds will be $177,075,000. The Series designations and outstanding principal amounts of these bonds are set forth below. The claim of Senior Lien Bonds to Net Revenues is senior to the Junior Lien Bonds.

Senior Lien Bonds	**Outstanding Principal Amount**
Series 2002C	$ 2,105,000
Series 2002D	6,920,000
Series 2005	476,875,000
Series 2007	119,390,000
Series 2008A	124,835,000
Series 2010A	199,635,000
Series 2010B	4,800,000
Series 2010C	173,145,000
Series 2010D	26,105,000
Series 2010 E-1	75,360,000
Series 2010 E-2	75,000,000
Series 2010 F	124,640,000
Series 2010G	116,000,000
Series 2011A	152,465,000
Series 2011B	16,965,000
Series 2012A	177,565,000
Series 2012B	25,090,000
Series 2012C	3,885,000
Series 2012D	71,525,000
Total	$1,972,305,000
Junior Lien Bonds	
Series 2007	$177,075,000
TOTAL	$2,149,380,000

Credit Facilities Relating to Bonds

As of July 1, 2012, the Authority had outstanding $391 million of variable rate tender option bonds secured by a bank letter of credit or held as a bank direct placement, as summarized in the table below. If amounts are paid under a letter of credit, the obligation of the Authority to repay such amounts would constitute "Reimbursement Obligations" under the Master Bond Ordinance and would be accorded equal standing with the Bonds. See "SECURITY FOR THE SERIES 2012 BONDS."

CREDIT FACILITIES

	Series 2010E-1	**Series 2010E-2**	**Series 2010F**	**Series 2010G**
Principal Amount:	$75,360,000	$75,000,000	$124,640,000	$116,000,000
Type:	Letter of Credit	Letter of Credit	Letter of Credit	Direct Placement
Expiration Date:	December 16, 2013	December 16, 2013	December 16, 2013	December 16, 2013
Credit Provider:	JPMorgan Chase Bank, N.A.	PNC Bank, National Association	JPMorgan Chase Bank, N.A.	Wells Fargo Bank, N.A.

Source: Wayne County Airport Authority, July 2012.

Debt Service Requirements. The following table sets forth the annual debt service requirements accruing in each Bond Year on the outstanding Senior Lien Bonds, the outstanding Junior Lien Bonds, and the Series 2012 Bonds:

Bond Year Ending December 1	**Outstanding Senior Lien Bonds[(1) (2) (3)]**	**Series 2012 Bonds[(4)]**	**Total Outstanding Senior Lien Bonds**	**Total Outstanding Junior Lien Bonds**	**Total Debt Service**
2013	$139,517,883	$25,639,790	$165,157,673	$12,231,983	$177,389,656
2014	143,007,336	20,658,100	163,665,436	12,231,233	175,896,669
2015	142,689,694	20,371,650	163,061,344	12,231,483	175,292,827
2016	142,926,541	18,111,800	161,038,341	12,277,233	173,315,574
2017	130,280,154	22,119,050	152,399,204	12,275,733	164,674,937
2018	129,988,940	22,098,650	152,087,590	12,273,733	164,361,323
2019	131,731,579	21,895,350	153,626,929	12,275,733	165,902,662
2020	131,887,613	16,052,150	147,939,763	12,275,983	160,215,746
2021	128,842,483	15,795,250	144,637,733	12,273,983	156,911,716
2022	120,207,106	15,771,000	135,978,106	12,274,233	148,252,339
2023	121,007,120	15,775,250	136,782,370	12,275,983	149,058,353
2024	121,159,547	15,771,000	136,930,547	12,278,483	149,209,030
2025	120,770,771	15,768,000	136,538,771	12,235,983	148,774,754
2026	120,915,605	15,775,500	136,691,105	12,234,983	148,926,088
2027	121,145,246	15,782,250	136,927,496	12,232,733	149,160,229
2028	89,488,410	45,517,500	135,005,910	12,283,483	147,289,393
2029	56,933,424	14,309,000	71,242,424	12,285,125	83,527,549
2030	56,911,586	14,283,750	71,195,336	12,283,823	83,479,159
2031	56,835,128	14,291,000	71,126,128	12,283,848	83,409,976
2032	56,694,719	14,303,250	70,997,969	12,284,230	83,282,199
2033	49,632,986	14,304,250	63,937,236	12,284,000	76,221,236
2034	35,928,750	14,288,500	50,217,250	12,282,750	62,500,000
2035	-	14,295,750	14,295,750	12,282,500	26,578,250
2036	-	14,298,750	14,298,750	12,282,000	26,580,750
2037	-	14,301,500	14,301,500	12,285,000	26,586,500
2038	-	12,347,750	12,347,750	-	12,347,750
2039	-	12,339,000	12,339,000	-	12,339,000
2040	-	12,351,500	12,351,500	-	12,351,500
2041	-	12,348,000	12,348,000	-	12,348,000
2042	-	12,348,000	12,348,000	-	12,348,000
Total	$2,348,502,621	$513,312,290	$2,861,814,911	$306,716,254	$3,168,531,165

(1) Does not include debt service on the Refunded Bonds.
(2) Series 2010E-1 Bonds, Series 2010E-2 Bonds, and Series 2010F Bonds assume an interest rate of 1.68% in 2013 and 2.68% thereafter.
(3) Series 2010G Bonds assume an interest rate of 2.50%.
(4) Does not take into account capitalized interest previously funded for outstanding Senior Lien Bonds.

PFC Revenues. Under the Aviation Safety and Capacity Expansion Act of 1990 (the "PFC Act"), the FAA may authorize a public agency which controls an airport to impose a PFC of up to $4.50 for each qualifying enplaned passenger at such airport to be used to finance eligible airport-related projects. In order to receive authorization to impose a PFC and use the PFC revenue, the public agency must submit an application requesting that the FAA approve the imposition of a PFC for, and the use of PFC revenues on, specific eligible projects described in such application. PFCs are collected on behalf of airports by air carriers and their agents (the "Collecting Carriers") and remitted to the public agency.

Many of the PFC-eligible projects in the CIP for the Airport for the past twenty (20) years have been funded with the proceeds of Bonds, and the plan of finance for these projects has assumed that the Authority would use PFC revenue to pay the Debt Service on the airport revenue bonds issued to pay for such PFC-eligible projects to the maximum extent possible. With respect to other PFC-eligible CIP projects, the Authority has funded a portion of the cost of the projects with federal grant funds, and the balance of the cost (the local share) with Bond proceeds, with payment of a portion of the Debt Service on the Bonds to be paid with PFC revenue.

Under its current PFC approvals, the Authority has authority to impose and use $3.135 billion in PFCs, which includes amounts for the payment of principal, interest and other financing costs on Bonds issued to pay the PFC-eligible costs of the approved projects. The current estimated PFC expiration date is February 1, 2034. Since the inception of the PFC program, the Authority has submitted seven PFC applications to the FAA. The sixth application was withdrawn by the Authority prior to the FAA issuing a decision on the application so that the Authority could update project cost estimates for consideration. The application was resubmitted as the seventh application. In the future, the Authority will amend applications one through five to adjust the initial budgeted project costs and estimated debt service requirements to reflect final completed project costs and updated debt service. The Authority and the FAA view this effort as an administrative process and do not anticipate any material changes to the Authority's total PFC collection authority.

The Authority transfers some of its PFC revenues monthly to the Bond Fund and the Junior Lien Bond Fund for the purpose of paying Debt Service, respectively, on Senior Lien Bonds and Junior Lien Bonds issued to finance PFC eligible projects, and intends to do so for the purpose of paying Debt Service on the Series 2012 Bonds.

The amount of PFC revenue collected for the Airport in past years has varied, and in future years will vary, based upon many factors, including compliance with federal law and regulations, passenger enplanement levels, as well as continuation of the PFC program. No assurance can be given that the forecasted level of enplanements will be realized or that any other factor affecting PFC revenue will not occur that adversely impacts the Authority. A shortfall in projected PFC collections could increase the amounts of Debt Service included in the Signatory Airlines' rates and charges. See "INVESTMENT CONSIDERATIONS – Availability of PFC Revenues and Other Sources of Funding" herein.

Hedging Program

The Authority has adopted an interest rate swap management plan and an associated debt management plan for the purpose of managing its overall debt service which allows it to maintain a portion of its outstanding debt in conventional fixed-rate form, a portion of its outstanding debt in variable-rate form, and a portion of its outstanding debt in synthetic fixed-rate form. The interest rate swap management plan and associated debt management plan are updated periodically and revisions are submitted to the Board of the Authority for approval. The Authority is not currently a party to any interest rate swap agreement.

Swap agreement payments made by the Authority are secured by Net Revenues on a subordinated basis to Senior Lien Bonds and on parity with Junior Lien Bonds. See "SECURITY FOR THE SERIES 2012 BONDS – Flow of Funds" herein.

Other Post Retirement Benefit Obligations

The Authority provides hospitalization and other health insurance for its retirees pursuant to agreements with various collective bargaining units or other actions of the CEO and the Authority Board. Benefits are provided to retirees under the age of 65 and their eligible dependents, and the cost of federal Medicare premiums and supplemental hospitalization is paid for retirees over 65 and their eligible dependents, as these costs are incurred by the retirees. The Authority also pays the cost of basic retiree life insurance, up to $5,000 per employee, on a pay-as-you-go basis. Additionally, through an agreement with the County, the post retirement benefit costs for individuals who retired from the Airport prior to August 9, 2002 ("Pre-2002 Airport Retirees"), when the Airport was operated by the County, are pooled with the post retirement benefit costs of other County retirees, and the Authority shares 11.25% of the actual costs of the pool on a pay-as- you- go basis. For the fiscal year ended September 30, 2011, the Authority reimbursed the County $2.94 million for costs related to the Pre-2002 Airport Retirees.

Reporting Changes Affecting the Airport

Effective as of the year ended September 30, 2007, the Authority is subject to the Governmental Accounting Standards Board Statement Numbers 43 ("GASB 43"), Financial Reporting for Postemployment Benefits Plans Other Than Pensions, and 45 ("GASB 45"), Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions.

The pronouncements require state and local units of governments to recognize the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions) in their financial statements. Pursuant to GASB 43 and GASB 45, the Authority must recognize the cost of postemployment benefits, including retiree health care coverage, over the working life of an employee, rather than on a pay-as-you-go basis. For the Authority, this has resulted in increased expenses and related liability.

The Authority commissioned an actuarial valuation, as of September 30, 2010, in accordance with GASB 45, which estimated the Authority's Actuarial Accrued Liability (AAL) to be approximately $65.7 million. The Authority has funded the Annual Required Contribution (ARC) in Fiscal Years 2008 – 2011 into an ACT 149 Trust. The trust balance as of September 30, 2010, was $10.1 million and as of September 30, 2011 was $13.7 million.

The Authority's AAL does not include an estimate for the Pre-2002 Airport Retirees, who are recognized on the books of the County and pooled with other County retirees. By agreement with the County, the Authority pays 11.25% of the costs for this pool. As this pool is a closed group and the retirees in the pool are approaching 100% Medicare eligibility, the Authority expects its annual required payments to the County for this pool to decrease over time.

Financial Operations

Historical Operating Results. The audited financial statements of the Airport for the Operating Year ended September 30, 2011, together with the report of Plante & Moran, PLLC, independent auditors, relating thereto, are included herein as APPENDIX B.

The following table sets forth audited historical operating results of the Airport for Operating Years 2007 through 2011 under accounting principles generally accepted in the United States.

HISTORICAL OPERATING RESULTS
Detroit Metropolitan Wayne County Airport
For Operating Years Ended September 30

	OY 2007	OY 2008	OY 2009	OY 2010	OY 2011
Operating revenues:					
Airport landing and related fees	$ 58,741	$ 84,022	$ 59,723	$ 69,652	$ 68,473
Concession fees	50,242	51,851	88,230	47,975	50,576
Parking fees	58,859	58,683	49,911	48,309	54,145
Rental facilities	50,722	51,431	48,425	89,671	93,866
Utility service fees	4,078	4,498	4,320	4,332	4,879
Other	6,371	5,024	4,100	6,935	5,716
Total operating revenues	229,013	255,509	254,709	266,874	277,655
Operating expenses:					
Salaries, wages, and fringe benefits	69,877	75,214	72,696	68,799	70,218
Parking management	10,325	8,905	7,082	6,505	6,794
Janitorial services	2,418	2,403	10,584	10,972	11,143
Security	3,433	2,758	2,657	2,293	2,401
Utilities	25,143	29,166	26,499	25,789	24,145
Repairs, professional services, and other	73,020	80,699	67,310	72,172	76,770
Depreciation	111,942	120,145	135,777	136,688	134,660
Total operating expenses	296,158	319,290	322,605	323,218	326,131
Operating loss	(67,145)	(63,781)	(67,896)	(56,344)	(48,476)
Nonoperating revenues (expenses):					
Passenger facility charges	70,754	68,203	59,712	60,306	62,197
Federal and state grants	5,867	1,969	999	1,231	1,185
Interest income and other	44,897	27,970	7,070	4,948	3,340
Interest expense and other	(99,406)	(94,695)	(111,113)	(99,602)	(85,322)
Amortization of bond issuance costs	(1,936)	(1,985)	(1,615)	(1,837)	(1,583)
Total nonoperating revenue	20,176	1,462	(44,947)	(34,954)	(20,183)
Net loss before capital contributions and transfers	(46,969)	(62,319)	(112,843)	(91,298)	(68,659)
Capital contributions	58,787	52,218	27,431	25,869	15,875
Transfers out	(1,419)	(2,813)	(8,178)	(1,490)	(1,252)
Changes in net assets	10,399	(12,914)	(93,590)	(66,919)	(54,036)
Net assets – beginning of year	626,043	636,442	623,528	580,897	513,978
Net assets – end of year	$ 636,442	$ 623,528	$ 529,938	$ 513,978	$ 459,942

[1] In 2010, Detroit Metro Airport restated beginning net assets to $580,897 (see Note 2 of 2010 financial statements for additional discussion).
This amount less the 2010 decrease in net assets is used to arrive at ending net assets.

Source: Audited Financial Statements of the Wayne County Airport Authority.

The financial information presented above is prepared in accordance with U.S. generally accepted accounting principles using the full accrual basis of accounting. Depreciation expense is determined in accordance with the Authority's accounting policies, which provide for straight-line depreciation over the estimated useful lives of the assets acquired. Due to the Authority's major capital expansion program, significant additional depreciation expense has been recorded over the past several years as calculated in accordance with accounting principles generally accepted in the United States. The recording of this additional depreciation expense has resulted in significant operating losses. Depreciation expense is considered a non-cash transaction. The Authority generates enough cash to pay all operating bills, has positive working capital, and has a strong positive cash flow from operations. Depreciation expense is not considered in calculating required Activity Fees using the Authority's residual rate setting methodology.

Similarly, grants, capital contributions and PFCs are not considered Revenues under the Master Bond Ordinance or the Airline Agreements for purposes of the residual methodology for calculating Activity Fees. However, PFCs are included as a credit in the residual Activity Fee calculation as the Authority transfers PFCs, monthly, into the Bond Fund and/or Junior Lien Bond Fund to pay eligible Debt Service. Interest earnings on the Construction Fund, Bond Fund and Junior Lien Bond Fund accounts are applied in accordance with the Master Bond Ordinance.

Airline Revenue Requirement. The Master Bond Ordinance requires the Authority to adopt, prior to the commencement of each Operating Year, a budget covering the Operation and Maintenance Expenses of the Airport, the Debt Service payable on Senior Lien Bonds and Junior Lien Bonds, and other known monetary requirements of the Master Bond Ordinance and the Airport for such Operating Year. The Airline Agreements with the Signatory Airlines require the Authority to provide the Signatory Airlines with a projection of rentals and the Activity Fee rate for each Operating Year at least sixty (60) days prior to the beginning of the Operating Year. As described in APPENDIX D – "SUMMARY OF THE AIRLINE AGREEMENTS," airline rates, fees and charges currently are calculated based on an Airport-wide residual rate setting methodology, with fixed terminal rental rates. Following the end of each Operating Year, the Authority must provide the Signatory Airlines with a report of rentals and Activity Fees actually chargeable for such year based on actual data for the year. The Signatory Airlines are required to pay additional amounts owed, and the Authority is required to refund airline overpayments, if the rates on which Signatory Airline Activity Fee payments had been based during the year were either too low or too high based on actual data. See APPENDIX D – "SUMMARY OF THE AIRLINE AGREEMENTS."

The following table sets forth the Airport's operating revenues, operating expenses and non-operating revenues for Operating Year 2008 through Operating Year 2011, and the Authority's estimated Airport operating revenues, operating expenses and non-operating revenues for Operating Year 2012 (based on March 2012 mid-year projections), in each case shown on the basis of the residual airline rate-making methodology under the Airline Agreements.

Detroit Metropolitan Wayne County Airport
Operating and Maintenance Fund
For Operating Years Ended September 30

	OY 2008 Actual	OY 2009 Actual	OY 2010 Actual	OY 2011 Actual	OY 2012 Mid-year
Airline revenues:					
Landing and related fees	$ 84,022	$ 59,723	$ 69,651	$ 68,473	$ 68,893
Terminal building rentals and fees	26,934	65,977	70,061	73,652	87,176
Facility use fees	7,885	6,320	5,950	6,638	6,588
Total airline revenues	118,842	132,021	145,663	148,764	162,656
Non-airline revenues:					
Parking fees	58,683	49,911	48,309	54,145	56,488
Car rental	21,493	17,540	17,273	18,984	18,507
Concession fees	30,043	30,563	30,427	31,261	31,250
Ground transportation	7,056	6,510	4,739	4,944	5,002
Shuttle bus	5,773	5,655	5,467	5,869	5,522
Other	12,183	10,981	10,842	11,930	9,131
Total non-airline revenues	135,231	121,161	117,057	127,133	125,900
Total operating revenues	254,073	253,182	262,719	275,897	288,556
Operating expenses:					
Salaries, wages and fringe benefits	75,214	72,696	70,721	70,065	65,203
Materials and supplies	5,392	5,969	5,177	6,457	6,975
Parking management expense	8,906	7,082	6,505	6,794	6,300
Shuttle bus services	9,221	8,483	8,495	8,750	8,400
Janitorial services	2,403	10,576	10,972	11,143	11,101
Security	2,758	2,657	2,293	2,401	2,524
Professional & other contractual services	13,519	14,644	14,166	19,358	17,953
Utilities	29,558	26,933	26,197	24,524	26,203
Buildings and grounds maintenance	22,094	12,705	18,563	18,141	15,662
Equipment repair and maintenance	13,435	15,740	17,820	17,193	15,498
Insurance	2,593	2,710	2,532	2,294	2,687
Other operating expenses	4,770	3,378	3,397	1,757	3,978
Operations and maintenance capital	2,086	1,500	2,774	7,444	5,482
Total operating expenses	191,948	185,074	189,613	196,321	187,966
Operating income (loss)	62,125	68,108	73,106	79,576	100,590
Non-operating revenues (expenses):					
Interest income and other	1,505	730	(125)	151	259
Federal and state grants	786	999	1,556	1,185	986
Net debt service	(57,809)	(59,774)	(64,721)	(70,944)	(89,056)
Funding requirements	(6,606)	(10,064)	(9,815)	(9,968)	(12,779)
Total non-operating revenues (expenses)	(62,125)	(68,108)	(73,106)	(79,576)	(100,590)
Net income (loss) before capital contributions & transfers	$ -	$ -	$ -	$ -	$ -

Source: Wayne County Airport Authority.

Management Discussion of Airport Financial Operations

Operating Year 2011 Actual Compared to Operating Year 2010 Actual. The Authority's total operating revenues in Operating Year 2011 increased by $13.2 million (or 5.0%) compared to Operating Year 2010, driven primarily by an increase in non-airline revenues. Operating Year 2011 non-airline revenues were higher than in Operating Year 2010 by $10.1 million (or 8.6%), 75% of this increase was due to increases in Airport parking and car rental revenues. It is notable that all non-airline revenues for Operating Year 2011 were higher than Operating Year 2010 non-airline revenues. The increase in non-airline revenues as a whole is partially attributed to the 2.2% increase in Airport enplanements, a major driver of non-airline revenues. Additionally, Operating Year 2011 was the first full year of the implementation of a new Airport parking plan, which focused on increasing market share and increasing average length of stay at on-Airport parking locations. The Authority began this parking program by offering a premium option for parking in a covered structure, the Big Blue Deck, at a lowered rate of $10 per day (previously $16 per day). The second new parking plan action was the re-opening of the Green Lot, a surface lot offering an economy-targeted option, at the rate of $8 per day. The parking program has been highly successful in increasing Airport parking revenues. Additionally, positively impacting non-airline revenue was an extraordinary item of approximately $900,000 from a penalty imposed on a vendor for non-performance on a contract. As a whole, non-airline revenues increased in Operating Year 2011 by $0.46 per enplanement (6.3%) compared to Operating Year 2010.

Although Operating Year 2011 Airport operating expenses were $6.7 million (or 3.5%) more than Operating Year 2010 operating expenses, the Authority completed the year with a favorable 0.6% variance compared to the Operating Year 2011 total expense budget. The operating expense increases resulted from the implementation of a five-year program to address critical capital asset maintenance and replacement needs at the Airport. The Authority's total costs associated with the capital asset maintenance and replacement program for Operating Year 2011 were $14.6 million, $5.7 million of which were funded outside of the Authority's O&M expense budget (i.e., not charged to the airlines). The remaining $8.9 million of costs were included in O&M expenses. These additional costs were partially offset by reductions in salaries, wages and benefits, and buildings and grounds maintenance expenses (Operating Year 2010 buildings and grounds maintenance expenses included a $5.4 million one-time expense for Americans with Disabilities Act (ADA) compliance projects, and certain McNamara Terminal expenses were re-allocated to other expense lines for Operating Year 2011, resulting in a net decrease for Operating Year 2011).

Operating Year 2011 Airport non-operating expenses increased by $6.4 million (or 8.9%) compared to Operating Year 2010, due to an increase in net debt service costs resulting from the depletion of the Authority's PFC reserve funds. The revenue bond refunding completed in Operating Year 2011 did have a favorable effect on total debt service costs, and resulted in a $659,000 (or 0.9%) savings compared to budgeted net debt service. Although there was a net increase in cost for non-operating activities compared to Operating Year 2010, Operating Year 2011 non-operating expenses as compared to the Operating Year 2011 budget were lower by 0.8%.

In summary, in Operating Year 2011 the Authority achieved favorable results as compared to the Operating Year 2011 budget, and refunded $13.9 million to the Signatory Airlines.

Operating Year 2012 Mid-Year Projection Compared to Operating Year 2011 Actual. Based on the Authority's mid-year projections (March 2012) for the Airport, total Airport operating revenues for Operating Year 2012 are expected to increase by $12.7 million (or 4.6%) compared to Operating Year 2011. Also based on Operating Year 2012 mid-year projections, Airport non-airline revenues for Operating Year 2012 are projected to decrease by $1.2 million (1.0%) compared to Operating Year 2011. While there are year-over-year adjustments in several non-airline revenue areas, the primary driver for the decline in non-airline revenue in Operating Year 2012 compared to Operating Year 2011 is the non-recurrence of an extraordinary revenue penalty fee imposed on a vendor for non-performance (a $900,000 impact, as also noted above in the management discussion of Operating Year 2011 Actual compared to Operating Year 2010 Actual). Parking revenues again are favorable in Operating Year 2012 as compared to Operating Year 2011 due to the continued strength of the parking program (noted above in the management discussion of Operating Year 2011 Actual compared to Operating Year 2010 Actual), although offset by loss of rental revenue and declines in utility service fees (recoveries associated with concession utilities). Excluding the extraordinary item, the non-airline revenue projection for Operating Year 2012 would be essentially flat compared to Operating Year 2011 non-airline revenues.

The mid-year projection for Operating Year 2012 Airport operating expenses is $8.4 million (or 4.3%) less than Operating Year 2011 operating expenses. Reductions in operating expenses are primarily a result of Authority-wide initiatives to reduce specific targeted expenses by $20 million over two Operating Years. Operating Year 2012 is the first year of the targeted expense reduction program, and the program will continue through Operating Year 2013. The reductions being implemented over this period include global wage and benefit changes (including those resulting from work force reductions), service level adjustments on contractual services, capital program changes, debt restructuring and the use of capital funds as the funding source for the salaries, wages and benefits of the Authority's planning, design and construction staff.

The mid-year projection for Operating Year 2012 non-operating expenses is $20.9 million (or 25.9%) more than Operating Year 2011 non-operating expenses due primarily to an increase in net debt service costs resulting from the depletion of the Authority's PFC reserve and a change in accounting for the funding of the OPEB accrual required by GASB 45. Through debt restructuring programs the Authority has been able to reduce the projected Operating Year 2012 net debt service costs from Operating Year 2012 budgeted increases by $3.2 million (or 3.5%).

In summary, the increase in net debt service to be paid by the airline rates and charges in Operating Year 2012, an increase of $18.1 million of non-operating expense compared to Operating Year 2011, has been mitigated by the Authority's management of its debt and decreases in operating expenses related to the first phase of an Authority-wide cost reduction program. The net rates and charges impact to the airlines in Operating Year 2012 is projected to be limited to an increase of $13.9 million (or 9.3%) compared to Operating Year 2011, and is favorable to the Operating Year 2012 budget by $2.4 million (or 1.5%).

Historical Debt Service Coverage

The following table presents the historical debt service coverage for Senior Lien Bonds for Operating Years 2007 through 2011.

HISTORICAL DEBT SERVICE COVERAGE
Detroit Metropolitan Wayne County Airport
For Operating Years Ended September 30
(Amounts in thousands of dollars, except as noted)
(Unaudited)

	OY 2007	OY 2008	OY 2009	OY 2010	OY 2011
Revenues:					
Revenues	$ 227,971	$ 256,362	$ 254,901	$ 264,510	$ 279,189
Revenue Fund Balance at Beginning of Year	47,134	30,798	30,487	48,931	70,764
Other Available Monies:					
PFC Contributions	63,013	78,589	97,862	99,207	87,576
Other	40,118	1,475	2,913	1,064	1,943
Transfer Credit from Airport funds (1)	1,300	782	-	-	-
Interest Income Generated in Bond Funds and Reserves	9,385	22,802	8,069	2,192	3,496
Total Revenues	$ 388,921	$ 390,808	$ 394,232	$ 415,904	$ 442,968
Operation and Maintenance Expenses:	$ 175,852	$ 194,336	$ 190,098	$ 194,014	$ 202,456
Net Revenues Available for Senior Lien Debt Service	$ 213,069	$ 196,472	$ 204,134	$ 221,890	$ 240,512
Bond Debt Service - Senior Lien	$ 145,189	$ 131,697	$ 160,689	$ 157,858	$ 150,360
Debt Service Coverage for Senior Lien Bonds	1.47	1.49	1.27	1.41	1.60

(1) Represents a credit given to the airlines, which was paid from the Authority's Airport Development Fund.

Source: Wayne County Airport Authority.

For a discussion of forecasted debt service coverage for Operating Years 2013 through 2020 on Outstanding Senior Lien Bonds (including debt service requirements on the Series 2012 Bonds), see "REPORT OF THE AIRPORT CONSULTANT" herein and APPENDIX A – "REPORT OF THE AIRPORT CONSULTANT."

REPORT OF THE AIRPORT CONSULTANT

The firm of Ricondo & Associates, Inc. ("R&A") prepared a Report of the Airport Consultant dated as of August 14, 2012 (the "Report of the Airport Consultant"), a copy of which is included in this Official Statement as APPENDIX A.

The Report of the Airport Consultant forecasts Net Revenues, Revenue Fund balances and Other Available Moneys sufficient to meet the requirements of the Rate Covenant with respect to Senior Lien Bonds. The Report of the Airport Consultant does not reflect actual debt service requirements of the Series 2012 Bonds or incorporate any estimates of debt servicing savings resulting from the issuance of the Series 2012 Bonds.

On the basis of the assumptions and analyses described in this report, R&A is of the opinion that (i) sufficient revenues will be generated to pay the Authority's requirements for its Operation and Maintenance (O&M) Fund, Bond Fund, Junior Lien Bond Fund, O&M Reserve Fund, Renewal and Replacement Fund, Authority Discretionary Fund, Airport Development Fund, and other remaining obligations or requirements of the Authority during the projection period from Operating Year 2012 through Operating Year 2020 through a combination of airline rates and charges and nonairline revenue sources, and (ii) projected Airline rates and charges are reasonable on an airline cost per enplaned passenger basis compared to other large-hub U.S. airports.

The information on the two tables below has been extracted from the Report of the Airport Consultant.

The following table shows estimated Operating Year 2012 and forecasted Operating Years 2013 through 2020 Net Revenues, Revenue Fund balances and Other Available Moneys, debt service requirements on Outstanding Senior Lien Bonds (including estimated debt service requirements on the Series 2012 Bonds) and additional Senior Lien Bonds projected to be required, Debt Service Coverage (Senior Lien Bonds) and airline cost per enplaned passenger.

SENIOR LIEN BONDS FORECAST
Estimated Operating Year 2012 and Forecasted Operating Years 2013 through 2020

	Net Revenues, Revenue Fund Balances and Other Available Moneys Available for Senior Lien Debt Service (in thousands)	Total Senior Lien Debt Service Requirements (in thousands)[1]	Debt Service Coverage (Senior Lien Bonds)[1]	Airline Cost Per Enplaned Passenger
2012*	$240,819	$145,945	1.65	$9.73
2013	$244,842	$149,285	1.64	$9.85
2014	$249,348	$152,258	1.64	$10.23
2015	$257,088	$158,233	1.62	$10.51
2016	$264,472	$163,890	1.61	$10.29
2017	$255,994	$156,873	1.63	$10.29
2018	$265,608	$164,208	1.62	$10.87
2019	$271,089	$168,094	1.61	$11.01
2020	$265,115	$163,032	1.63	$10.66

*Estimated.

(1) Includes the forecasted debt service requirements on all Outstanding Senior Lien Bonds and Additional Senior Lien Bonds for other projects not yet funded. For purposes of this table, the interest rate on variable rate debt is assumed to be 1.70% in Operating Year 2013 and 2.70% thereafter, direct placement financing assumes 1.50% total cost of interest, the interest rate on the Series 2012 Bonds is assumed to be 4.75% (Series 2012A) and 5.24% (Series 2012B), and the interest rate on all Additional Senior Lien Bonds is assumed to be 5.50%.

The following table shows estimated Operating Year 2012 and forecasted Operating Years 2013 through 2020 Net Revenues, Revenue Fund balances and Other Available Moneys, debt service requirements on Outstanding Senior Lien Bonds (including debt service requirements on the Series 2012 Bonds and Outstanding Junior Lien Bonds as shown in the Report of the Airport Consultant), debt service coverage (Senior Lien Bonds and Junior Lien Bonds) and airline cost per enplaned passenger.

SENIOR LIEN BONDS AND JUNIOR LIEN BONDS FORECAST
Estimated Operating Year 2012 and Forecasted Operating Years 2013 through 2020

	Net Revenues, Revenue Fund Balances and Other Available Moneys (in thousands)	Total Senior Lien Debt Service Requirements and Junior Lien Debt Service Requirements (in thousands)[(1)]	Debt Service Coverage (Senior Lien Bonds and Junior Lien Bonds)[(1)]	Airline Cost Per Enplaned Passenger
2012*	$240,819	$158,126	1.52	$9.73
2013	$244,842	$161,524	1.52	$9.85
2014	$249,348	$164,490	1.52	$10.23
2015	$257,088	$170,464	1.51	$10.51
2016	$264,472	$176,159	1.50	$10.29
2017	$255,994	$169,149	1.51	$10.29
2018	$265,608	$176,482	1.51	$10.87
2019	$271,089	$180,369	1.50	$11.01
2020	$265,115	$175,308	1.51	$10.66

*Estimated.

(1) Includes the forecasted debt service requirements on all Outstanding Senior Lien Bonds (including debt service requirements on Outstanding Junior Lien Bonds as shown in the Report of the Airport Consultant) and Additional Senior Lien Bonds for other projects not yet funded. For purposes of this table, the interest rate on variable rate debt is assumed to be 1.70% in Operating Year 2013 and 2.70% thereafter, direct placement financing assumes 1.50% total cost of interest, the interest rate on the Series 2012 Bonds is assumed to be 4.75% (Series 2012A) and 5.24% (Series 2012B), and the interest rate on all Additional Senior Lien Bonds is assumed to be 5.50%.

The Report of the Airport Consultant should be read in its entirety for an understanding of the forecasts and the underlying assumptions. As noted in the Report of the Airport Consultant, any financial forecast is subject to uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. The actual financial results achieved will vary from those forecasts, and the variations may be material, particularly as they relate to possible additional terrorist acts or acts of war. See APPENDIX A – "REPORT OF THE AIRPORT CONSULTANT."

INVESTMENT CONSIDERATIONS

The purchase and ownership of the Series 2012 Bonds involve investment risk. Prospective investors are urged to read this Official Statement, including the appendices hereto, in its entirety. The factors set forth herein, among others, may affect the security for and/or trading value of the Series 2012 Bonds. The information herein does not purport to be a comprehensive or exhaustive discussion of all risks or other considerations that may be relevant to an investment in the Series 2012 Bonds. In addition, the order in which the following information is presented in not intended to reflect the relative importance of any such considerations. There can be no assurance that other risks or considerations not discussed herein are or will not become material in the future.

Delta's Presence at the Airport

Delta is the dominant air carrier operating at the Airport and maintains a large connecting hub at the Airport. In 2008, a wholly-owned subsidiary of Delta merged with and into Northwest Airlines Corporation, with the result that Northwest Airlines Corporation and its wholly-owned subsidiaries, including Northwest Airlines, Inc. ("Northwest"), became wholly-owned subsidiaries of Delta. In December 2009, Northwest merged with and into Delta and, subsequently, the Northwest brand was phased out and the merged airline operates under the Delta name and brand. Delta and the Delta Connection Carriers accounted for approximately 79.5% of the total enplaned passengers at the Airport in Operating Year 2011, 80.6% in Operating Year 2010, and 79.7% in Operating Year 2009.

As a result of the Airport's geographic location, facilities and capabilities and Delta's investment in the Airport, the Authority expects, as supported by the Report of the Airport Consultant, that the Airport will remain a system hub for Delta; however, no assurance can be given to that effect or with regard to Delta's future level of activity at the Airport, regardless of Delta's financial condition. If, for whatever reason, Delta discontinues or reduces its hubbing operations at the Airport, its current level of activity at the Airport may not be replaced by other carriers. See "DETROIT METROPOLITAN WAYNE COUNTY AIRPORT – Airlines Providing Service at the Airport – *Delta Air Lines*" above. Such a change in Delta's activity at the Airport could result in differences to the data presented in the Report of the Airport Consultant. See "DETROIT METROPOLITAN WAYNE COUNTY AIRPORT – Airlines Providing Service at the Airport" above and APPENDIX A – "REPORT OF THE AIRPORT CONSULTANT – Sensitivity Scenario."

Effect of Airline Industry Consolidation

In response to competitive pressures, the United States airline industry has consolidated. On December 31, 2009, Delta and Northwest merged into a single entity now operating under the Delta brand. In October 2010, United Airlines and Continental Airlines completed the merger of the two airlines, and in May 2011, Southwest Airlines completed its purchase of AirTran Airways. Following the filing for bankruptcy protection of American Airlines, together with its parent, AMR Corporation, and American Eagle (collectively, "AMR") in November 2011, US Airways announced in April 2012 that it had reached tentative agreements with AMR's three largest unions with respect to a merger with American Airlines, but to date there has been no official offer and US Airways has not made a bid for AMR. On May 11, 2012, AMR released a statement that it reached an agreement with its unsecured creditors committee to jointly develop potential consolidation scenarios. To date, these mergers or anticipated mergers have not adversely impacted the Airport, but it is not possible to predict the future impact, if any, on the Airport of these mergers. Furthermore, if other Signatory Airlines merge or consolidate in the future, gate utilization at the Airport could decrease, which could materially adversely affect Airport operations, and ultimately the cost to the airlines of operating at the Airport. At this time, it is not possible to predict the effect on gate utilization of any future airline consolidation.

Impact of Regional and National Economic Conditions on the Airport

The demographic and economic characteristics of the Airport's Air Trade Area comprise the underlying components of air transportation demand for passengers and commercial goods. This relationship is particularly true for origination and destination passenger traffic, which is an important component of demand at the Airport. Although the economic base of the Air Trade Area is considered capable of supporting increased demand for air travel at the Airport, employment and other economic indices of the Air Trade Area have been negatively impacted, in part, by the general downturn in the automotive industry which resulted in the bankruptcy filings in 2009 of General Motors Corporation and Chrysler LLC, two of the "Big 3" automakers. See APPENDIX A – "REPORT OF THE AIRPORT CONSULTANT." These demand components are further affected by individual airline decisions regarding air service, hubbing operations and aircraft fleet mix.

There is no assurance that the Airport, despite a demonstrated stable level of demand for airline service and operations, will continue to maintain such levels in the future. The continued presence of the airlines serving the Airport, and the levels at which that service will be provided, are a function of a variety of factors. Key factors that affect the Revenues of the Airport include: local, regional, national and international economic and political conditions; international hostilities; world health concerns; aviation security concerns; airline service and routes; airline airfares and competition; airline industry economics, including labor relations; availability and price of aviation fuel; capacity of the national air traffic control and airport systems; capacity of the Airport and competition from other airports; and business travel substitutes, including teleconferencing, videoconferencing and web-casting. Many of these factors are beyond the control of the Authority. Accordingly, no assurance can be given as to the levels of aviation activity that will be achieved at the Airport.

Financial Condition of Airlines Serving the Airport

In the last ten years, numerous U.S. passenger airlines filed for bankruptcy court protection, including, but not limited to (in chronological order), US Airways (in 2002 and 2004), United, Hawaiian Airlines, Midway Airlines, Delta, Northwest, Independence Air, Aloha Airlines (in 2004 and 2008), ATA Airlines (in 2004 and 2008), Skybus Airlines, Frontier Airlines, Eos Airlines, Sun Country Airlines, Primaris Airlines, Arrow Air, Mexicana, American Airlines and Pinnacle Airlines (including its subsidiary Mesaba). US Airways, United, Hawaiian Airlines, Mesaba, Delta and Northwest all emerged from bankruptcy. Midway Airlines and Independence Air ceased operations in 2003 and 2006, respectively. Aloha Airlines and ATA Airlines terminated their operations in March 2008 and April 2008, respectively. Skybus Airlines, Eos Airlines, Primaris and Arrow Air have also terminated their operations. To date, two carriers operating at the Airport, American Airlines and Pinnacle Airlines remain in bankruptcy while continuing operations under bankruptcy court supervision. According to Airlines for America ("AFA"), U.S. airlines in 2009 saw operating revenues decrease 17 percent, extending industry losses to $58 billion over a nine-year period beginning in 2001. Although AFA reported in 2011, that, based upon a sample survey of carriers, passenger revenues rose eight percent in June 2011 as compared to the same month in 2010, marking the 18th consecutive month of revenue growth, financial results of the airline industry have been subject to volatility and the industry, at times, has accumulated substantial losses.

It is reasonable to assume that any additional significant financial or operational difficulties incurred by Delta, the predominant airline servicing the Airport, could have a material adverse effect on the Airport, although financial or operational difficulties by any of the other Signatory Airlines also may, whether directly or indirectly, have an adverse impact on Revenues or Airport operations, the effect of which may be material. See " – Delta's Presence at the Airport" above.

The price of fuel has been a significant cost factor for the airline industry. Although there has been no shortage of aviation fuel since the "fuel crisis" of 1974, there have been significant increases and fluctuations in the price of fuel, and fuel prices reached record highs in 2008. According to AFA, fuel has overtaken labor as the industry's top cost and, as such, fuel price is an important and uncertain determinant of an air carrier's operating economics. Any increase in fuel prices causes an increase in airline operating costs. According to AFA, a one-dollar per barrel increase in the price of crude oil equates to approximately $445 million in annual additional expense for U.S. airlines. Although fuel prices have declined from their most elevated levels, fuel prices continue to be susceptible to, among other factors, political unrest in various parts of the world, Organization of Petroleum Exporting Countries policy, increased demand for fuel caused by the rapid growth of economies such as China and India, the levels of fuel inventory maintained by certain industries, the amounts of reserves maintained by governments, currency fluctuations, disruptions to production and refining facilities, and weather. It is not possible to predict whether and to what extent fuel prices will increase and the effect of such increases on the airlines serving the Airport.

Revenues from Air Carriers

The derivation of Revenues from the operation of the Airport depends on many factors, many of which are not subject to the control of the Authority. Revenues may be affected by the ability of the Signatory Airlines, individually and collectively, to meet their respective obligations under the Airline Agreements. The revenues of the airlines serving the Airport may be materially affected by many factors including, without limitation, the following: declining demand; service and cost competition; mergers; the availability and cost of fuel and other necessary supplies; high fixed costs; high capital requirements; the cost and availability of financing; technological changes; national and international disasters and hostilities; the cost and availability of employees; strikes and other employee disruptions; the maintenance and replacement requirements of aircraft; the availability of routes and slots at various airports; litigation liability; regulation by the federal government; environmental risks and regulations; noise abatement concerns and regulation; deregulation; federal and state bankruptcy and insolvency laws; acts of war and terrorism; and other risks. Historically, the airline industry's results have correlated with the performance of the economy.

Effect of Signatory Airline Bankruptcies

The following Signatory Airlines financially reorganized through the bankruptcy process in the last nine years: Delta, Northwest, US Airways, United and Mesaba. American filed for chapter 11 bankruptcy protection on November 29, 2011, and while continuing operations, remains in bankruptcy. Pinnacle and Mesaba also filed for chapter 11 bankruptcy protection on April 1, 2012, and Pinnacle continues to operate while reorganizing. Additional bankruptcies, liquidations or major restructurings of other airlines could occur, and it is not possible to predict the impact on the Airport of any such future bankruptcies, liquidations or major restructurings of other airlines. A bankruptcy of a Signatory Airline with significant operations at the Airport could have a material adverse effect on operations at the Airport, Revenues and the cost to the other airlines of operating at the Airport.

Currently, the domestic gates and related facilities at the Airport are preferentially leased to the Signatory Airlines pursuant to respective Airline Agreements. International gates are operated on a shared basis. In the event of bankruptcy proceedings involving any Signatory Airline, the debtor or its bankruptcy trustee must determine whether to assume or reject its agreements with the Authority (a) within 120 days (or later if ordered by the court) with respect to its Airline Agreement or leases of non-residential real property, but in no event later than 210 days after the commencement of the bankruptcy case unless additional time is agreed to by the Authority, or (b) prior to the confirmation of a plan or reorganization with respect to any other agreement. However, bankruptcy courts are courts of equity and can, and often do, grant exceptions to these statutory limitations. In the event of assumption and/or assignment of any agreement to a third party, the airline would be required to cure any pre- and post-petition monetary defaults and provide adequate assurance of future performance under the applicable Airline Agreement or other agreements.

Rejection of an Airline Agreement or other agreement by any Signatory Airline that is a debtor in a bankruptcy proceeding would give rise to an unsecured claim of the Authority against the debtor's estate for damages, the amount of which may be limited by the Bankruptcy Code. However, the amounts unpaid as a result of a rejection of an Airline Agreement by a Signatory Airline in bankruptcy would be included in the calculation of the fees and charges of the remaining Signatory Airlines under their Airline Agreements. See APPENDIX D – "SUMMARY OF THE AIRLINE AGREEMENTS." There is no assurance that the remaining Signatory Airlines would be financially able to absorb such additional costs resulting from such rejection.

Whether or not an Airline Agreement is assumed or rejected in a bankruptcy proceeding, it is not possible to predict the subsequent level of utilization of the gates leased under such agreement. Decreased utilization of gates could have a material adverse effect on Airport operations, and ultimately on the cost to the airlines of operating at the Airport.

With respect to any airline that may seek bankruptcy protection under the laws of a foreign country, the Authority is unable to predict what types of orders or relief could by issued by foreign bankruptcy tribunals, or the extent to which any such orders would be enforceable in the United States. Typically, foreign airline bankruptcy proceedings obtain an order in the United States to support and complement the foreign proceedings and stay the actions of creditors in the United States.

Aviation Security and Safety Concerns

Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of the international hostilities (such as the war and continuing military action in Iraq and Afghanistan), additional terrorist attacks and world health concerns, may influence passenger travel behavior and air travel demand. Travel behavior may be affected by anxieties about the safety of flying and by the inconveniences and delays associated with more stringent security screening procedures, both of which may give rise to the avoidance of air travel generally and the selection of surface travel over air travel.

Public Health concerns have also affected air travel demand from time to time. In 2003, concern about the spread of severe acute respiratory syndrome or "SARS" lead public health agencies to issue advisories against non-essential travel to certain regions of the world. In 2009, concerns about the spread of influenza caused by the H1N1 virus affected some portions of international travel, particularly to and from Mexico and Asia.

Regulations and Restrictions Affecting the Airport

The operations of the Airport are affected by various contractual, statutory and regulatory restrictions and limitations, including, without limitation, the provisions of the Airline Agreements, the PFC Act and other extensive federal legislation and regulations applicable to all airports in the United States. In the aftermath of the events of September 11, 2001, the Airport also has been required to implement enhanced security measures mandated by the FAA, the Transportation Security Administration and DHS.

It is not possible to predict whether future restrictions or limitations on Airport operations will be imposed, whether future legislation or regulations will affect anticipated federal funding or PFC collections for capital projects for the Airport, whether additional requirements will be funded by the federal government or require funding by the Authority or whether such restrictions or legislation or regulations would adversely affect Revenues. See "DETROIT METROPOLITAN WAYNE COUNTY AIRPORT – Capital Improvement Program" above.

Availability of PFC Revenues and Other Sources of Funding

The Authority's plan of finance for many of the completed CIP projects assumed that PFC revenues would be available in certain amounts and at certain times for the payment of a portion of the Debt Service on the Senior Lien Bonds and the Junior Lien Bonds issued to pay the costs of many of the projects. In addition, the Authority's plan of finance for its current five-year CIP assumes that federal grants will be received in certain amounts and at certain times to pay certain capital project costs. See "DETROIT METROPOLITAN WAYNE COUNTY AIRPORT – Capital Improvement Program" above. No assurance can be given that these sources of funding actually will be available in the amounts or on the schedule assumed.

The amount of PFC revenue collected for the Airport in past years has varied, and in future years will vary, based upon the actual number of passenger enplanements at the Airport. No assurance can be given that any level of enplanements will be realized. This adverse impact of decreased enplanements could be direct or indirect. For example, PFC shortfalls could result in sufficient increases in terminal rentals or Activity Fees at the Airport thereby negatively impacting the airlines' desire to operate at the Airport. As a result of decreases in passenger enplanements at the Airport since 2007, and the resultant decrease in available PFC revenues, beginning in Operating Year 2011 and Operating Year 2012, Activity Fees at the Airport have been adversely impacted. It is projected that for Operating Years after 2012, PFC revenues will have stabilized, as have enplanement projections, and further impacts to Activity Fees will be minimal.

Furthermore, under the terms of the PFC Act, the FAA may terminate the Authority's authority to impose a PFC if the Authority's PFC revenues are not being used for approved projects in accordance with the FAA's approval, the PFC Act or the regulations promulgated thereunder, or if the Authority otherwise violates the PFC Act or regulations. The FAA may also terminate the Authority's authority to impose a PFC for a violation by the Authority of the Airport Noise and Capacity Act. The PFC termination provisions contained in the regulations provide both informal and formal procedural safeguards. A process that will last a minimum of 180 days is required before the FAA can terminate the Authority's authority to impose a PFC for a violation of the PFC Act. In addition, although the FAA's PFC regulations require Collecting Carriers (as defined above) to account for PFC collections separately, and indicate that such funds are to be regarded as trust funds held by the Collecting Carriers for the beneficial interest of the public agency imposing the PFC, recent bankruptcy court decisions indicate that in a bankruptcy proceeding involving a Collecting Carrier, it is likely that PFCs will not be treated as trust funds and that airports are not entitled to any priority over other creditors of the Collecting Carrier as to such funds.

Also, as discussed under "DETROIT METROPOLITAN WAYNE COUNTY AIRPORT – Capital Improvement Program – CIP Funding Sources – *Grants*" above, the assumptions with respect to entitlement and discretionary funding, although considered reasonable by the Authority, are inherently subject to certain uncertainties and contingencies. Actual entitlement and/or discretionary funding levels and timing may vary and such differences may be material.

To the extent that any portion of the funding assumed in the plan of finance for the CIP is not available as anticipated, the Authority may be required to issue Additional Bonds or Junior Lien Bonds to pay the costs of the CIP and to increase airline rates and charges to pay Debt Service on the Senior Lien Bonds and the Junior Lien Bonds and to fund the required coverage thereon.

CIP Costs and Schedule

The estimated costs of, and the projected schedule for, the projects in the CIP depend on various sources of funding, and are subject to a number of uncertainties. The Series 2012 Projects are part of the Airport's CIP. The ability of the Authority to complete these projects within the current budgets and on the current schedules may be adversely affected by various factors including: (1) estimating errors, (2) design and engineering errors, (3) changes to the scope of the projects, (4) delays in contract awards, (5) material and/or labor shortages, (6) delays due to airline operational needs, (7) unforeseen site conditions, (8) adverse weather conditions, (9) contractor defaults,

(10) labor disputes, (11) unanticipated levels of inflation, (12) litigation and (13) environmental issues. No assurance can be given that the costs of the projects will not exceed the current budget for these projects or that the completion will not be delayed beyond the currently projected completion dates. Any schedule delays or cost increases could result in the need to issue Additional Senior Lien Bonds or Junior Lien Bonds, which would require a new Weighted Majority approval for the projects with increased costs. The issuance of Additional Senior Lien Bonds or Junior Lien Bonds may result in increased costs per enplaned passenger to the airlines. No assurance can be given that the Authority would receive the required airline approvals, or that, absent such approvals, an alternative source of funding would be available. At present, the Authority is unable to estimate the costs associated with each of the risks identified above and the total impact of these risks if such events were to occur. In addition, the Authority may ultimately decide not to proceed with certain capital projects or may proceed with them on a different schedule, resulting in different results than those included in the projections.

Assumptions in the Report of the Airport Consultant

The Report of the Airport Consultant should be read in its entirety for an understanding of the forecasts and the underlying assumptions. As noted in the Report of the Airport Consultant, any financial forecast is subject to uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. The actual financial results achieved will vary from those forecasts, and the variations may be material. Further, the Report of the Airport Consultant does not cover the entire period through maturity of the Series 2012 Bonds. See APPENDIX A – "REPORT OF THE AIRPORT CONSULTANT."

LITIGATION AND OTHER LEGAL ACTIONS

There is no litigation pending, or to the knowledge of the Authority threatened, against or affecting the Authority or the Airport, or, to the Authority's knowledge, any basis therefor, wherein an unfavorable decision, ruling or outcome would have a material impact on the financial condition of the Airport or would adversely affect the transactions contemplated by this Official Statement, or the validity of the Series 2012 Bonds, the Ordinance, or any agreement or instrument to which the Authority is a party and which is used or contemplated for use in the transactions contemplated by this Official Statement.

Dismissal of Former Chief Executive Officer of the Authority

On October 31, 2011, the Board of the Authority terminated the employment of Turkia Awada Mullin from the position of Chief Executive Officer of the Authority, for cause. Ms. Mullin was appointed to this position on August 2, 2011, by the Authority Board, and commenced her employment with the Authority on September 6, 2011.

In December 2011, Ms. Mullin filed suit against the Authority in Wayne County Circuit Court challenging her dismissal and alleging violation of the Michigan Open Meetings Act in connection with the Board's decision to terminate her employment. The Court dismissed her complaint without prejudice and ordered that all issues arising out of Ms. Mullin's employment and termination by the Authority, including the Open Meetings Act allegations and the Authority's assertion in the case that its employment contract with Ms. Mullin was invalid, be resolved by arbitration.

On or about February 17, 2012, Ms. Mullin filed her arbitration request with the American Arbitration Association. The complaint, which names the Authority, and Board member, Bernard Parker, individually, contains seven counts, including claims alleging breach of contract, seeking wages and benefits, asserting defamation, seeking indemnification in other litigation (since concluded in substance) against her and the Authority, and asserting violation of (i) the Open Meetings Act in connection with her termination and (ii) her due process rights. The Authority has denied all claims. As the arbitrator has ruled that the contract was valid, Ms. Mullin's remaining claims continue to be subject to further arbitration.

Regardless of the outcome, such arbitration should not have a material adverse impact on the financial condition of the Airport or adversely affect the transactions contemplated by this Official Statement.

Other Developments

The Authority understands that the Federal Bureau of Investigation (the "FBI") is engaged in a continuing investigation of the County, including the actions of various individuals affiliated directly and indirectly with the County and some of its agencies and related entities. Among these individuals is the Authority's former CEO, Ms.

Mullin, who was the Chief Development Officer for the County prior to joining the Authority on September 6, 2011. In connection with this investigation, at the request of the FBI, the Authority has produced to the FBI, records relating to the hiring of Ms. Mullin by the Authority, as well as e-mails pertaining to Ms. Mullin's former Authority e-mail address. The Authority has no reason to believe that it is a target of the investigation or that the investigation will have a material adverse impact on the Airport or adversely affect the transactions contemplated by this Official Statement.

UNDERWRITING

The Series 2012A Bonds and the Series 2012B Bonds are being purchased by Citigroup Global Markets Inc., J.P. Morgan Securities LLC, Siebert Brandford Shank & Co., L.L.C., Merrill Lynch Pierce Fenner & Smith Incorporated and Loop Capital Markets, L.L.C. (collectively, the "Series 2012A-B Underwriters"). The Series 2012A-B Underwriters have agreed, subject to certain conditions, to (i) purchase the Series 2012A Bonds and the Series 2012B Bonds at an aggregate purchase price of $223,629,993.19 (equal to the par amount of the Series 2012A Bonds and the Series 2012B Bonds less an underwriting discount of $816,355.01, plus original issue premium in an aggregate amount of $21,791,348.20) pursuant to a Bond Purchase Agreement between the Authority and the Series 2012A-B Underwriters (the "Series 2012A-B Bond Purchase Agreement"). The Series 2012A-B Bond Purchase Agreement provides that the Series 2012A-B Underwriters will purchase all of the Series 2012A Bonds and the Series 2012B Bonds, if any are purchased. The Series 2012A-B Underwriters reserve the right to join with dealers and other underwriters in offering the Series 2012A Bonds and the Series 2012B Bonds to the public. The obligations of the Series 2012A-B Underwriters to accept delivery of the Series 2012A Bonds and the Series 2012B Bonds are subject to various conditions of the Series 2012A-B Bond Purchase Agreement.

The Series 2012C Refunding Bonds and the Series 2012D Refunding Bonds are being purchased by Citigroup Global Markets Inc., J.P. Morgan Securities LLC, Siebert Brandford Shank & Co., L.L.C., Wells Fargo Securities and Loop Capital Markets, L.L.C. (collectively, the "Series 2012C-D Underwriters"). The Series 2012C-D Underwriters have agreed, subject to certain conditions, to (i) purchase the Series 2012C Refunding Bonds and the Series 2012D Refunding Bonds at an aggregate purchase price of $82,445,813.36 (equal to the par amount of the Series 2012C Refunding Bonds and the Series 2012D Refunding Bonds less an underwriting discount of $222,221.14, plus original issue premium in an aggregate amount of $7,258,034.50) pursuant to a Bond Purchase Agreement between the Authority and the Series 2012C-D Underwriters (the "Series 2012C-D Bond Purchase Agreement"). The Series 2012C-D Bond Purchase Agreement provides that the Series 2012C-D Underwriters will purchase all of the Series 2012C Refunding Bonds and the Series 2012D Refunding Bonds, if any are purchased. The Series 2012C-D Underwriters reserve the right to join with dealers and other underwriters in offering the Series 2012C Refunding Bonds and the Series 2012D Refunding Bonds to the public. The obligations of the Series 2012C-D Underwriters to accept delivery of the Series 2012C Refunding Bonds and the Series 2012D Refunding Bonds are subject to various conditions of the Series 2012C-D Bond Purchase Agreement.

The Underwriters may offer and sell the Series 2012 Bonds to certain dealers (including depositing the Series 2012 Bonds into investment trusts, which investment trusts may be sponsored by the Underwriters) and others at prices lower than the public offering prices stated on the inside cover page hereof. The initial public offering prices may be changed from time to time by the related Underwriters.

Citigroup Global Markets Inc. and its parent company, Citigroup, Inc., have entered into a distribution agreement, dated May 31, 2009, as amended, with Morgan Stanley Smith Barney LLC ("MSSB") and its parent company, Morgan Stanley Smith Barney Holdings LLC, whereby Citigroup Global Markets Inc. will distribute municipal securities to retail investors through the financial advisor network of MSSB. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Citigroup Global Markets Inc. will compensate MSSB for its selling efforts with respect to the Series 2012 Bonds.

In the ordinary course of its business, J.P. Morgan Securities LLC ("JPMS"), an underwriter of the Series 2012 Bonds, and certain of its affiliates have engaged, and may in the future engage, in investment banking or commercial banking transactions with the Authority. JPMS has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of UBS Financial Services Inc. ("UBSFS") and Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement (if applicable to this transaction), each of UBSFS and CS&Co. will purchase Series 2012 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2012 Bonds that such firm sells.

Wells Fargo Securities is the trade name for certain capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association. Wells Fargo Bank, National Association ("WFBNA"), one of the underwriters of the Series 2012 Bonds, has entered into an agreement (the "Distribution Agreement") with Wells Fargo Advisors, LLC ("WFA") for the retail distribution of certain municipal securities offerings, including the Series 2012 Bonds. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting compensation with respect to the Series 2012 Bonds with WFA. WFBNA and WFA are both subsidiaries of Wells Fargo & Company.

FINANCIAL ADVISORS

Public Financial Management, Inc. and D+G Consulting Group, LLC (collectively, the "Financial Advisors") are serving as Financial Advisors to the Authority in connection with the issuance of the Series 2012 Bonds. The Financial Advisors are financial advisory and consulting organizations and are not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiated instruments. The Financial Advisors have provided advice as to the plan of financing and the structuring of the Series 2012 Bonds and have reviewed and commented on certain legal documentation, including this Official Statement. The advice on the plan of financing and the structuring of the Series 2012 Bonds was based upon materials provided by sources of information believed to be reliable, but the Financial Advisors have not audited, authenticated or otherwise verified such information, including material contained in this Official Statement.

INDEPENDENT ACCOUNTANTS

The financial statements of the Authority as of and for the year ended September 30, 2011, included as APPENDIX B, have been audited by Plante & Moran, PLLC, independent accountants, as stated in their report appearing in APPENDIX B.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Robert Thomas CPA, LLC will deliver to the Authority its attestation report verifying the mathematical accuracy of the mathematical computations of the adequacy of the cash and the maturing principal of, and interest on, the obligations deposited in the Escrow Fund under the Master Bond Ordinance and the Series 2010 Ordinance to pay the redemption or purchase price and interest on the Refunded Bonds, supporting the conclusion of Bond Counsel that interest on the Series 2012 Bonds is excludable from gross income for federal income tax purposes as indicated under the caption "TAX MATTERS." Such verification will be based upon information and data provided by the Authority.

MISCELLANEOUS

This Official Statement has been duly authorized by the Board of the Authority, and duly executed and delivered by the Chief Financial Officer of the Authority.

The Appendices are integral parts of this Official Statement and must be read together with all other parts of this Official Statement.

WAYNE COUNTY AIRPORT AUTHORITY

By: /s/ Terrence P. Teifer
Chief Financial Officer

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APPENDIX A

REPORT OF THE AIRPORT CONSULTANT

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Report of the Airport Consultant

Wayne County Airport Authority
Airport Revenue and Revenue Refunding Bonds – Series 2012
Detroit Metropolitan Wayne County Airport

PREPARED BY:

RICONDO & ASSOCIATES, INC.
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(513) 651-4700 (phone)
(513) 412-3570 (facsimile)

RICONDO
& ASSOCIATES

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RICONDO & ASSOCIATES

August 14, 2012

Mr. Thomas J. Naughton
Interim Chief Executive Officer
Wayne County Airport Authority
L.C. Smith Terminal, Mezzanine Level
Detroit, Michigan 48242

RE: Report of the Airport Consultant for the Wayne County Airport Authority Airport Revenue Bonds Series 2012A, Airport Revenue Bonds Series 2012B, Airport Revenue Refunding Bonds Series 2012C, and Airport Revenue Refunding Bonds Series 2012D

Dear Mr. Naughton:

Ricondo & Associates, Inc. (R&A) is pleased to present this Report of the Airport Consultant (Report) for inclusion as Appendix A in the Official Statement for the Wayne County Airport Authority's (the Authority) Airport Revenue Bonds Series 2012A, Airport Revenue Bonds Series 2012B, Airport Revenue Refunding Bonds Series 2012C, and Airport Revenue Refunding Bonds Series 2012D (referred to individually in this Report as the Series 2012A Bonds, the Series 2012B Bonds, the Series 2012C Refunding Bonds, and the Series 2012D Refunding Bonds, respectively, or collectively as the Series 2012 Bonds). The Series 2012 Bonds will be issued pursuant to the Authority's Master Airport Revenue Bond Ordinance, adopted September 26, 2003, as amended (Master Bond Ordinance), the Series 2010 Refunding Ordinance, adopted September 23, 2010 (in the case of the Series 2012C Refunding Bonds and the Series 2012D Refunding Bonds), and the Series 2012 Ordinance, adopted June 20, 2012 (collectively, the Ordinances).

As part of the Series 2012 Bonds financing, subject to market conditions, the Authority expects to issue the Series 2012C Refunding Bonds and the Series 2012D Refunding Bonds (collectively, the Series 2012 Refunding Bonds) to refund all or a portion of outstanding Series 1998A Bonds, Series 2002C Bonds, and Series 2002D Bonds. The issuance of the Series 2012 Refunding Bonds and any debt service savings associated with the refunding of the Series 1998A Bonds, Series 2002C Bonds, and Series 2002D Bonds has not been assumed in this Report.

The Series 2012 Bonds are payable from the Net Revenues generated from the operation of Detroit Metropolitan Wayne County Airport (the Airport). Proceeds of the Series 2012 Bonds, along with other available Airport funds, will (1) fund a portion of the costs of the Airport's 5-Year Capital Improvement Program (as described in Section 1.1 and collectively referred to as the Series 2012 Projects), (2) fund capitalized interest on a portion of the Series 2012 Bonds, (3) fund certain Debt Service Reserve Fund requirements with respect to the Series 2012 Bonds, (4) refund all or a portion of outstanding Series 1998A Bonds, Series 2002C Bonds, and Series 2002D Bonds, and (5) fund certain costs of issuing the

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Series 2012 Bonds. Unless otherwise defined herein, all capitalized terms in this Report are used as defined in the Official Statement, the Ordinances, or the Airport Use and Lease Agreements (the Airline Agreements).

This Report presents the analysis undertaken by R&A to demonstrate the ability of the Authority to comply with the requirements of the Ordinances, including those pertaining to the issuance of Additional Senior Lien Bonds, on a *pro forma* basis for Operating Years (OY[1]) 2012 through 2020 (the Projection Period) based on the assumptions regarding the planned issuance of the Series 2012 Bonds and the timely completion of the Series 2012 Projects established by R&A and the Authority through consultation with its staff, financial advisors, and senior managing underwriter. In developing its analysis R&A has reviewed historical trends and formulated projections, based on the assumptions set forth in this Report which have been reviewed and agreed to by the Authority and its staff, regarding the ability of the Air Trade Area (defined herein) to generate demand for air service at the Airport, trends in air service and passenger activity at the Airport, and the financial performance of the Airport, taking into account certain debt service estimates and projections provided by the Authority's financial advisors and senior managing underwriter.

The Report is organized as follows:

- Summary of Findings
- Chapter 1: The Series 2012 Projects and the Series 2012 Bonds
- Chapter 2: The Airport
- Chapter 3: The Capital Program and Funding Sources
- Chapter 4: Demographic and Economic Analysis
- Chapter 5: Passenger Demand and Air Service Analysis
- Chapter 6: Financial Analysis

On the basis of the analysis put forth in this Report, R&A is of the opinion that the Net Revenues generated by the Airport in each year of the Projection Period will be sufficient to comply with the Rate Covenant established in the Ordinances. R&A is also of the opinion that the Airport's airline rates and charges will remain reasonable on an airline cost per enplaned passenger (CPE) basis as compared to other large-hub U.S. airports through the Projection Period.

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1 The Authority's Operating Year is October 1 through September 30.

RICONDO & ASSOCIATES

Founded in 1989, R&A is a full-service aviation consulting firm providing airport physical and financial planning services to airport owners and operators, airlines, and federal and state agencies. R&A has prepared Reports of the Independent Airport Consultant in support of over $20.6 billion of airport related revenue bonds from 1996 through 2011. Based on the definition of "Municipal Advisor" put forth in the Securities and Exchange Commission's (SEC) proposed rule implementing Section 975 of Title IX of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which cites firms providing feasibility studies for inclusion in an official statement for a municipal bond transaction, R&A has registered with both the SEC and the Municipal Securities Rulemaking Board as a Municipal Advisor.

The techniques and methodologies used by R&A in the preparation of this Report are consistent with industry practices for similar studies in connection with airport revenue bond sales. While R&A believes that the approach and assumptions used in this Report are reasonable, some assumptions regarding future trends and events detailed in this Report including, but not limited to, the implementation schedule and the projections of passenger activity and financial performance may not materialize. Therefore, actual performance will likely differ from the projections put forth in this Report and the variations may be material.

In developing its analysis, R&A has utilized information from various sources including the Authority, its financial advisors, the senior managing underwriter, federal and local governmental agencies, and independent private providers of economic and aviation industry data which are identified in the notes accompanying the related tables and exhibits in this Report. R&A believes these sources to be reliable, but has not audited this data and does not warrant their accuracy. The analysis presented is based on conditions known as of the date of this letter. R&A has no obligation to update this Report on an ongoing basis.

Sincerely,

Ricondo & Associates, Inc.

RICONDO & ASSOCIATES, INC.

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List of Exhibits

List of Exhibits (continued)

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Summary of Findings

The Authority commissioned Ricondo & Associates, Inc. (R&A) to prepare this Report to demonstrate, upon issuance of the Series 2012 Bonds, the Authority's ability to generate Net Revenues sufficient to meet its obligations under the Ordinances, including but not limited to the Rate Covenant, on a pro forma basis for the Projection Period. In addition, the pro forma financial projections in this Report also may be used to develop a Certificate of the Airport Consultant, as may be required by the Ordinances, demonstrating the Authority's compliance with the Additional Bonds Test regarding the issuance of the Series 2012 Bonds. In developing our analysis, R&A reviewed the terms of the Ordinances and related documents that govern the Authority's debt; the estimated terms of the Series 2012 Bonds as provided by the Authority's financing team; the Authority's outstanding financial obligations; the capacity of the Airport's existing and planned facilities to accommodate current and anticipated demand; the Airport's Capital Improvement Program (CIP) and proposed funding sources including the potential for additional borrowing beyond the Series 2012 Bonds; and the purpose, cost, schedule and expected benefits of the Series 2012 Projects.

To develop the pro forma analysis of the Authority's financial performance, R&A reviewed the agreements that establish the business arrangements between the Authority and its various tenants, including but not limited to the commercial airlines serving the Airport. The Authority generates the majority of its operating revenues from commercial airlines and private aircraft operators through airfield usage fees and various rentals for terminal and other spaces; fees and rents assessed to concessionaires providing various goods and services to passengers and other users of airport facilities; fees and rents assessed to rental car operators serving the Airport; and fees for public parking and commercial vehicle access to Airport facilities. These revenues are in large measure driven by passenger demand for air service from the Airport, which is a function of national and local economic conditions, and the ability and willingness of the commercial airlines to supply service at a level commensurate with this demand. Thus, R&A reviewed the historical relationships between economic activity and demand for air service, the airlines' provision of air service, and the financial performance of the Authority. Based on this historical review, R&A developed assumptions regarding these factors and relationships through the Projection Period which provide the basis for the forecasts of passenger activity and financial performance presented in this Report.

The following sections present a summary of R&A's projections and findings that are detailed in the body of the Report, which should be read in its entirety.

The Series 2012 Projects and the Series 2012 Bonds

As described in Chapter 1 of the Report, key considerations with respect to the Series 2012 Bonds are:

- The Series 2012 Bonds are payable from and secured by a lien on Net Revenues of the Authority from the operation of the Airport on parity with all Outstanding Senior Lien Bonds and any Additional Bonds.
- Proceeds of the Series 2012A Bonds and Series 2012B Bonds will fund approximately $201.9 million of the total $285.6 million costs of the Series 2012 Projects.
- The Series 2012 Projects are a subset of the Airport's 2013-2017 CIP which has a total estimated project cost of approximately $565.5 million.
- Costs associated with airfield improvement and reconstruction projects account for approximately 70 percent of the total estimated costs of the Series 2012 Projects.
- Proceeds of the Series 2012 Bonds, along with other available Airport funds, will also fund capitalized interest on a portion of the Series 2012 Bonds, fund certain Debt Service Reserve Fund requirements with respect to the Series 2012 Bonds, refund all or a portion of outstanding Series 1998A Bonds, Series 2002C Bonds, and Series 2002D Bonds, and fund certain costs of issuing the Series 2012 Bonds. The issuance of the Series 2012 Refunding Bonds is subject to market conditions and any debt service savings associated with the refunding of the Series 1998A Bonds, Series 2002C Bonds, and Series 2002D Bonds has not been assumed in this Report.

Table S-1 presents a summary of the estimated costs of the Series 2012 Projects and anticipated funding sources.

The Airport

The Airport, located 20 miles southwest of downtown Detroit, is the primary airport serving Southeast Michigan, but also attracts passengers from the broader area of Michigan, northern Ohio, and northwestern Indiana as a result of the significant level of air carrier service offered. In addition to serving the local demand for air travel in the Air Trade Area and beyond, the Airport is a hub in the Delta Air Lines (Delta) system operating as its second busiest connecting hub and a primary international gateway. Other key considerations with respect to the Airport and its role in Delta's system include the following:

- Based on final Airports Council International (ACI) traffic data for North American traffic, in CY 2011 the Airport ranked 17th nationwide in total passengers, enplaning and deplaning approximately 32.4 million passengers. In CY 2011, the Airport ranked 11th nationwide in total aircraft operations, with 443,028 takeoffs and landings. According to FAA preliminary statistics for CY 2011, the Airport ranked 17th in the U.S. in enplaned passengers, with approximately 15.7 million enplaned passengers.

Table S-1 Summary of Series 2012 Projects [1/]

(Figures in Thousands)

Project Type	ESTIMATED TOTAL COST	ESTIMATED EXPENDITURES OY 2012	OY 2013	OY 2014	OY 2015
Airfield	$ 199,606	$ 41,716	$ 100,600	$ 39,780	$ 4,200
Electrical Distribution System	$ 6,000	$ 250	$ 5,750	$ -	$ -
Fleet & Equipment	$ 13,400	$ 4,067	$ 5,767	$ 3,567	$ -
Noise Mitigation	$ 11,125	$ 9,000	$ 1,180	$ -	$ -
Parking Decks & Lots	$ 30,110	$ 200	$ 16,500	$ 9,300	$ 4,110
Roofing	$ 2,030	$ 1,480	$ 450	$ 100	$ -
Security & Communications	$ 3,100	$ 200	$ 2,600	$ 300	$ -
Support Facilities	$ 16,200	$ 1,325	$ 11,200	$ 3,675	$ -
Water Distribution System	$ 4,000	$ -	$ 2,750	$ 700	$ 550
Total Series 2012 Projects	**$ 285,571**	**$ 58,238**	**$ 146,797**	**$ 57,422**	**$ 8,860**

Project Type	ESTIMATED TOTAL COST	AIP GRANTS	PREVIOUS BONDS	SERIES 2012 BONDS	FUTURE BONDS
Airfield	$ 199,606	$ 47,990	$ 26,823	$ 124,793	$ -
Electrical Distribution System	$ 6,000	$ -	$ -	$ 6,000	$ -
Fleet & Equipment	$ 13,400	$ -	$ -	$ 13,400	$ -
Noise Mitigation	$ 11,125	$ 8,899	$ -	$ 2,226	$ -
Parking Decks & Lots	$ 30,110	$ -	$ -	$ 30,110	$ -
Roofing	$ 2,030	$ -	$ -	$ 2,030	$ -
Security & Communications	$ 3,100	$ -	$ -	$ 3,100	$ -
Support Facilities	$ 16,200	$ -	$ -	$ 16,200	$ -
Water Distribution System	$ 4,000	$ -	$ -	$ 4,000	$ -
Total Series 2012 Projects	**$ 285,571**	**$ 56,889**	**$ 26,823**	**$ 201,859**	**$ -**

NOTE:

1/ Funding sources are subject to change and projects are subject to demand and available funding.

SOURCE : Wayne County Airport Authority, July 2012.

PREPARED BY: Ricondo & Associates, Inc., July 2012.

- Based on available information from OAG Aviation Solutions, the airlines serving the Airport are scheduled to average approximately 670 daily domestic and international departures from the Airport during the month of July 2012, with nonstop service to 115 domestic destinations. For the 12-month period ending July 2012, the Airport offered nonstop service to 29 international destinations, including some markets on a seasonal basis.
- While there are several other commercial service airports in and around the geographic area served by the Airport, none offer the breadth and frequency of scheduled air carrier service offered at the Airport. In CY 2011, scheduled departing seat capacity at the Airport totaled approximately 20.2 million seats to domestic and international destinations. The next largest airport in and around the area served by the Airport in terms of scheduled departing seats, Bishop International Airport in Flint, located approximately 75 miles from the Airport, had fewer than 600,000 scheduled departing seats in the same period. As the scheduled departing seat data indicates, the Airport has a dominant position for providing air travel in its geographical area.
- The Airport plays an important role in Delta's system:
  - In CY 2011, when measured based on activity by Delta and its regional carriers (the Delta Connection Carriers), the Airport was Delta's second busiest airport in terms of total enplaned passengers, scheduled departing seats, and scheduled departures behind Hartsfield-Jackson Atlanta International Airport, the busiest airport in the world and home to Delta's headquarters. The Airport was the third busiest hub in Delta's system in terms of international passengers enplaned by Delta and Delta Connection Carriers in CY 2011, behind Hartsfield-Jackson Atlanta International Airport and John F. Kennedy International Airport.
  - Delta uses the Airport as a primary international gateway for its Asian operations and currently serves six Asian destinations with daily non-stop service from the Airport.[1] For CY 2012, based on actual and scheduled departure data, the Airport has more Delta departures to Asian destinations than any other airport in the Delta route network, including each of its other major hubs.
  - In the Trans-Atlantic market, Delta provides nonstop service from the Airport to SkyTeam hubs in Amsterdam, Paris, and Rome. As a result, these markets not only feed traffic from beyond Detroit but also feed traffic from SkyTeam members' flights beyond their respective hubs in Europe. Delta also serves London–Heathrow (the number one European market for the Airport's O&D passengers) and Frankfurt from the Airport.
  - The Airport has fared well in relation to other Delta hubs since the Delta/Northwest Airlines merger was completed. When comparing the first six months of CY 2012 (post-merger) to the first six months of CY 2008 (pre-merger), the Airport has experienced capacity reductions generally in-line with Delta's system-wide capacity cutbacks. In contrast, Memphis International Airport (MEM) has experienced a 39 percent decrease in scheduled departing seats for the

[1] As of July 2012, Delta provides nonstop service to the Asian cities of Beijing, Hong Kong, Nagoya, Seoul, and Tokyo (Haneda and Narita airports). On August 29, 2012, Delta will discontinue nonstop service to Hong Kong and re-route its Hong Kong passengers through its Tokyo (Narita) hub.

periods referenced and Cincinnati-Northern Kentucky International Airport (CVG) has experienced a 65 percent decrease in scheduled departing seats for the same periods. In June 2012, Delta announced additional capacity reductions to be implemented at both MEM and CVG in the second-half of 2012 that will further reduce frequencies and/or eliminate service to certain destinations from each airport.

- Airfield facilities at the Airport include six air carrier runways, three of which are longer than 10,000 feet and all of which are longer than 8,500 feet. These runway facilities, their orientation, supporting taxiway systems, and associated navigational aids allow the Airport to efficiently accommodate aircraft operations in a range of weather conditions.
- The Airport features two of the most modern and efficient passenger terminals in the U.S.: the McNamara Terminal, now accommodating Delta and its SkyTeam partners, which opened in February 2002 and the North Terminal, accommodating non-hubbing carriers, which opened in September 2008. These facilities provide sufficient airfield and passenger terminal capacity to accommodate projected aviation activity at the Airport through the Projection Period of this Report and beyond.

The Capital Program and Funding Sources

This Report and the financial analyses presented in Chapter 6 incorporate the estimated financial impacts resulting from the implementation of the Authority's 2013-2017 Capital Improvement Program (CIP). The 2013-2017 CIP includes the Series 2012 Projects and other projects expected to be undertaken by the Authority over the next five to six years, or as demand warrants. Estimates of total project costs, project phasing, and anticipated funding sources presented in this Report are based on the Authority's current expectations, but are subject to change based on demand, funding availability, and other factors. The Series 2012 Projects have been approved by a Weighted Majority of the Signatory Airlines. Other projects included in the 2013-2017 CIP will require Weighted Majority approval (see Section 6.1.3) in order to finance such projects in whole or in part with the proceeds of future bonds.

The Authority's 2013-2017 CIP is summarized below:

- The 2013-2017 CIP has a total estimated project cost of approximately $565.5 million, of which approximately $79.6 million is estimated to be spent as of September 30, 2012.
- Based on current expectations, funding sources for the CIP include proceeds from prior bonds, Series 2012A Bond proceeds and Series 2012B Bond proceeds, future bond proceeds, grants, Authority funds, and other sources to be determined. However, due to the forward-looking nature of the program, some of the anticipated funding sources for the projects may not be approved, are subject to future conditions, or are otherwise subject to change.
- The Authority expects to fund approximately $201.9 million in CIP costs with proceeds of the Series 2012A Bonds and Series 2012B Bonds. See Section 1.1 for a description of the Series 2012 Projects and Section 1.2 for a description of the Series 2012 Bonds and the plan of finance.

- A total of approximately $206.5 million in 2013-2017 CIP project costs currently are anticipated to be funded with the proceeds of future bonds which are currently expected to be issued in OY 2014 and OY 2016.

Table S-2 presents a summary of the estimated costs and anticipated funding sources for the 2013-2017 CIP, as described in Chapter 3.

Demographic and Economic Analysis

The demand for air transportation is, to a large degree, dependent upon the demographic and economic characteristics of the geographical area served by an airport (i.e., the Air Trade Area), particularly for the origin and destination (O&D) portion of an airport's passenger traffic. Although O&D passengers are less than a majority of the Airport's total traffic, primarily as a result of hubbing activity by Delta, the strength and characteristics of the Airport's underlying economic base remain significant with regard to expectations of continued growth in its O&D demand.[2]

This section presents data that indicates that the Air Trade Area has an economic base capable of supporting increased demand for air travel during the projection period supported by the following key findings:

- The Airport serves Southeastern Michigan, the Detroit metropolitan area, and the broader Air Trade Area (as defined in Section 2.3.2) which has a total population of over 5 million residents. Data presented in the following sections indicate that the population of the Air Trade Area is diverse, has a comparatively high percentage of residents in the age ranges most likely to travel, and has a comparatively high percentage of households in the top income categories, all factors that positively impact the demand for air travel from the Airport.
- Data from the U.S. Bureau of Labor Statistics indicate that each MSA included in the Air Trade Area had either experienced a significant decrease in unemployment over the 12-month period ending April 2012, or as in the case of the Ann Arbor MSA, continues to experience a very strong labor market. The year-over-year percentage point improvement in unemployment rates in the Detroit-Warren Livonia (1st nationally), Flint (4th nationally), and Monroe (ranked 19th nationally) MSAs ranked within the top-20 nationally, based on April 2012 data. Based on that same data, the Ann Arbor MSA had the 15th lowest unemployment rate among the 372 MSAs tracked by the Bureau of Labor Statistics.

2 Based on Authority records, domestic O&D passengers accounted for approximately 45.4 percent of total domestic passengers at the Airport in CY 2011.

Table S-2 Summary of 2013-2017 CIP [1/]

(Figures in Thousands)

Project Type	ESTIMATED TOTAL COST	ESTIMATED SPENT TO 9/30/2012	OY 2013	OY 2014	OY 2015	OY 2016	OY 2017 THROUGH COMPLETION
		ESTIMATED EXPENDITURES					
Airfield [2/]	$ 376,106	$ 54,926	$ 102,300	$ 62,380	$ 9,800	$ 37,400	$ 109,300
Electrical Distribution System	$ 18,025	$ -	$ 850	$ 10,950	$ 4,575	$ 1,650	$ -
Fleet & Equipment	$ 13,400	$ 500	$ 5,767	$ 3,567	$ 3,567	$ -	$ -
HVAC	$ 14,065	$ 3,380	$ 4,685	$ 4,800	$ 450	$ 750	$ -
Noise Mitigation	$ 11,125	$ 9,925	$ 1,200	$ -	$ -	$ -	$ -
Parking Decks & Lots	$ 34,060	$ 2,884	$ 6,666	$ 17,500	$ 7,010	$ -	$ -
Roads & Bridges	$ 15,825	$ -	$ 850	$ 8,650	$ 2,225	$ 800	$ 3,300
Roofing	$ 2,030	$ 30	$ 2,000	$ -	$ -	$ -	$ -
Security & Communications	$ 27,125	$ 425	$ 4,500	$ 2,900	$ 4,800	$ 4,800	$ 9,700
Storm Water System	$ 3,700	$ -	$ 100	$ 1,550	$ 550	$ 500	$ 1,000
Support Facilities	$ 34,425	$ 7,475	$ 18,000	$ 6,950	$ 2,000	$ -	$ -
Terminals	$ 11,662	$ 10	$ 3,202	$ 2,450	$ 5,000	$ 1,000	$ -
Water Distribution System	$ 4,000	$ -	$ 2,750	$ 700	$ 550	$ -	$ -
Total Series 2012 Projects	**$ 565,548**	**$ 79,555**	**$ 152,870**	**$ 122,397**	**$ 40,527**	**$ 46,900**	**$ 123,300**

Project Type	ESTIMATED TOTAL COST	AIP GRANTS	AUTHORITY FUNDS	PREVIOUS BONDS	SERIES 2012A BONDS AND SERIES 2012B BONDS	FUTURE BONDS	TO BE DETERMINED
		ESTIMATED FUNDING SOURCES					
Airfield [2/]	$ 376,106	$ 47,990	$ -	$ 33,148	$ 124,793	$ 170,175	$ -
Electrical Distribution System	$ 18,025	$ -	$ 250	$ -	$ 6,000	$ -	$ 11,775
Fleet & Equipment	$ 13,400	$ -	$ -	$ -	$ 13,400	$ -	$ -
HVAC	$ 14,065	$ 1,850	$ 11,215	$ -	$ -	$ -	$ 1,000
Noise Mitigation	$ 11,125	$ 8,899	$ -	$ -	$ 2,226	$ -	$ -
Parking Decks & Lots	$ 34,060	$ -	$ 2,950	$ 1,000	$ 30,110	$ -	$ -
Roads & Bridges	$ 15,825	$ -	$ 250	$ 7,575	$ -	$ 6,250	$ 1,750
Roofing	$ 2,030	$ -	$ -	$ -	$ 2,030	$ -	$ -
Security & Communications	$ 27,125	$ 2,125	$ -	$ -	$ 3,100	$ 21,900	$ -
Storm Water System	$ 3,700	$ -	$ -	$ 1,200	$ -	$ -	$ 2,500
Support Facilities	$ 34,425	$ -	$ 5,250	$ 6,375	$ 16,200	$ 5,400	$ 1,200
Terminals	$ 11,662	$ 5,250	$ 3,000	$ 662	$ -	$ 2,750	$ -
Water Distribution System	$ 4,000	$ -	$ -	$ -	$ 4,000	$ -	$ -
Total Series 2012 Projects	**$ 565,548**	**$ 66,114**	**$ 22,915**	**$ 49,960**	**$ 201,859**	**$ 206,475**	**$ 18,225**

NOTE:

1/ Certain CIP projects that require approval by a Weighted Majority of Signatory Airlines in order to fund such projects with Bond proceeds are not yet approved, expenditure schedules are subject to change, and projects are subject to demand and available funding.

2/ For the purposes of this analysis includes the De-Icing Fluid Forcemain to DWSD project, a Series 2012 Project, which is substantially complete and therefore excluded from the Authority's proposed 2013-2017 CIP.

SOURCE : Wayne County Airport Authority, July 2012.

PREPARED BY: Ricondo & Associates, Inc., July 2012.

- Detroit and the surrounding area is known as "The Automotive Capital of the World," as it is home to three of the world's largest automakers: Chrysler Group LLC, Ford Motor Company, and General Motors Company. Historically, Michigan's automotive factories account for approximately 20.5 percent of total US vehicle production, more than any other state in the nation, and over four-fifths of the state's car and truck production is located within the Air Trade Area. The Air Trade Area produces more vehicles than any other metropolitan area in the United States.
- Since the low point in vehicle production experienced in early 2009, the auto industry has rebounded and experienced an upward trend extending into 2012. Vehicle production in Michigan, the significant majority of which occurs in the Air Trade Area, has fluctuated on a month-to-month basis but has generally grown since 2009 increasing from approximately 48,400 vehicles produced in January 2009 to approximately 203,400 vehicles produced in March 2012, the highest level experienced since February 2008. Monthly production in Michigan totaled 190,800 vehicles in April 2012, the most recent month for which data is available. While sales rates have yet to reach the peaks experienced in 2005, the restructurings undertaken by the Big Three auto companies allowed them to return to profitability even at these lower sales levels. For 2011, Ford reported a pre-tax profit of $8.8 billion, General Motors reported net income of $7.6 billion for the year, and Chrysler reported a modest profit of $183 million. Based on second quarter 2012 financial results, the automakers' profitable operations have extended through 2012 with Ford reporting a pre-tax profit of $1.8 billion for the quarter, General Motors reporting net income of $1.5 billion for the quarter, and Chrysler reporting a profit of $755 million for the quarter (and a profit of approximately $1.5 billion for the first half of 2012), significantly higher than the annual profit of $183 million reported by Chrysler for 2011.
- Partially attributable to the rebound in the auto industry, the Detroit-Warren-Livonia MSA, which accounted for over 80 percent of the Air Trade Area's population in 2010, ranked as the fourth largest export market in the United States with merchandise shipments totaling approximately $44.0 billion (or over 70 percent of Michigan's exports in that year). In addition to the export of transportation equipment, the Detroit metropolitan area ranked among the major exporters of machinery, electrical equipment, fabricated metal products, and plastics and rubber products, illustrating the diversity of the regional economy. Among the top metropolitan exporters, the Detroit-Warren-Livonia MSA experienced the highest rate of growth in merchandise exports between 2009 and 2010 with exports growing by 55 percent over the period.
- Based on data from the U.S. Department of Commerce's Bureau of Economic Analysis (BEA), Michigan was the 6th fastest growing state in the nation in 2011 based on percentage change in real gross domestic product. Of the five states that grew faster than Michigan in 2011, only Texas had a total output greater than that of Michigan. Michigan's GDP in 2011 totaled approximately $385.2 billion and was between two-times to 10-times greater than the outputs of the four states, excluding Texas, that grew faster than Michigan in 2011. However, based on BEA data, Michigan's 2011 real GDP

(when presented in chained[3] 2005 dollars) totaled approximately $337.4 billion, still below the historical peak of approximately $378.6 billion (chained 2005 dollars) experienced in 2003.

A summary of demographic and economic data described in Chapter 4 is presented in **Table S-3**.

Passenger Demand and Air Service Analysis

As presented in Chapter 5 of the Report, the Airport has had the benefit of a large and relatively stable scheduled passenger air carrier base, which has helped promote competitive pricing and scheduling diversity in the Airport's major markets. As of July 2012, the Airport had scheduled passenger service provided by 21 U.S. flag carriers and four foreign flag carriers. The Airport, classified by the FAA as a large hub facility based on its percentage of nationwide enplaned passengers,[4] ranked 17th nationwide in 2011 with approximately 32.4 million total passengers.[5] Other key points regarding historical and projected aviation activities at the Airport are discussed below:

- Delta acquired Northwest Airlines (Northwest) as a wholly owned subsidiary on October 29, 2008, and on December 31, 2009, Northwest merged with Delta and the FAA granted a new single operating certificate to the merged Delta entity. Delta and the Delta Connection Carriers enplaned an estimated 12.9 million passengers or 79.5 percent of the Airport's enplaned passengers in OY 2011.
- As discussed in Chapter 2, the Airport is a major connecting hub in Delta's route system, operating as the second busiest connecting hub for Delta. Based on analyses provided herein (see Section 5.7.1), the Airport has maintained its role through the merger as an important Delta hub which chiefly flows traffic to the markets in eastern and western U.S., and as a primary international gateway serving Asia, Europe, and Latin America.
- In the Trans-Atlantic market, Delta provides nonstop service from the Airport to SkyTeam hubs in Amsterdam, Paris, and Rome. As a result, these markets not only feed traffic from beyond Detroit but also feed traffic from SkyTeam members' flights beyond their respective hubs in Europe. Delta also serves London–Heathrow (the number one European market) and Frankfurt from the Airport.

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3 The U.S. Department of Commerce introduced the chained-dollar measure in 1996. Chained dollars are weighted by a basket of goods that changes from year to year. The previous measure, constant dollars, was weighted by a constant basket of goods. In the chained-dollar approach, the basket of goods is an average of the basket for successive pairs of years and is intended to more accurately reflect actual spending.

4 As defined by the FAA, a large hub airport enplanes 1.0 percent or more of nationwide enplanements during a calendar year. One percent of nationwide enplanements equates to 7.1 million passengers in CY 2010, the latest calendar year for determining airport hub size.

5 *ACI Traffic Data 2011*, Airports Council International – North America.

Table S-3 Summary of Demographic and Economic Characteristics

POPULATION	HISTORICAL 2010	PROJECTED 2020	CAGR
Air Trade Area	5,313,754	5,317,755	0.0%
State of Michigan	9,877,574	10,140,364	0.2%
United States	309,349,689	341,069,539	0.9%

GDP/GRP (millions of 2005 dollars)	HISTORICAL 2011	PROJECTED 2020	CAGR
Air Trade Area	$ 198,317	$ 232,252	1.8%
State of Michigan	$ 325,667	$ 381,366	1.8%
United States	$ 12,679,745	$ 15,536,576	2.3%

PER CAPITA PERSONAL INCOME (current dollars for the period shown)	HISTORICAL 2011	PROJECTED 2020	CAGR
Air Trade Area	$ 41,433	$ 61,200	4.4%
State of Michigan	$ 39,101	$ 55,394	3.9%
United States	$ 43,881	$ 61,607	3.8%

NON-SEASONALLY ADJUSTED UNEMPLOYMENT RATES	AIR TRADE AREA	UNITED STATES	VARIANCE
2002	6.2%	5.8%	0.4%
2009 1/	14.5%	9.3%	5.2%
May-12	9.4%	7.9%	1.5%

OTHER DEMOGRAPHC CHARACTERISTICS	AIR TRADE AREA	MICHIGAN	UNITED STATES
Popuation between ages 35 - 54 2/	**29.3%**	28.2%	27.8%
Households with income $60,000 or greater	**41.4%**	37.2%	36.9%

NOTES:
1/ The Air Trade Area's non-seasonally adjusted unemployment rate peaked in 2009.
2/ Data from the Travel Industry Association of America shows that this age group travels more frequently by air than other age groups.

SOURCE: Woods and Poole Economics, Inc., *2012 Complete Economic and Demographic Data Source (CEDDS)*, June 2012 (Population, GDP/GRP, Income); U.S. Department of Labor, Bureau of Labor Statistics, June 2012 (Unemployment); U.S. Department of Commerce, Bureau of the Census, American Community Survey 2010 (Age Ranges).
PREPARED BY: Ricondo & Associates, Inc., June 2012.

- Between OY 2002 and OY 2011, total enplaned passengers at the Airport ranged from a low of 15.6 million in OY 2002 to a high of 18.3 million in OY 2005. Domestic enplaned passengers at the Airport as a percentage of total enplaned passengers were relatively stable between OY 2002 and OY 2011, ranging from a low of 91.3 percent in OY 2008 to a high of 92.0 percent in OY 2010.
- As a result of the Airport's competitive assets including (1) its central geographic position in the U.S., (2) substantial airfield and terminal processing capability, (3) the benefits of its local O&D market, (4) limited local airport competition, and (5) its competitive airline cost structure, the Airport has remained and should remain an attractive location for a major airline hub, as well as an important O&D market.

Based on discussions with Delta, local socioeconomic and demographic factors, the Airport's historical shares of U.S. enplanements, the impacts of the factors described in Section 5.6 herein, and anticipated trends in air carrier usage of the Airport by Delta and other airlines, total enplaned passengers at the Airport are projected to increase from 16.2 million in OY 2011 to 18.8 million in OY 2020. This increase represents a compound annual growth rate of 1.6 percent during this period, compared to 2.5 percent projected nationwide by the FAA.

Table S-4 presents a summary of projected enplanements at the Airport through the Projection Period and provides a comparison to the FAA's most recent projections of enplanements for the United States.

Table S-4 Summary of Enplanement Projections (enplanements in thousands)

	AIRPORT 1/			UNITED STATES 2/		
YEAR	**DOMESTIC**	**INTERNATIONAL**	**TOTAL**	**DOMESTIC**	**INTERNATIONAL**	**TOTAL**
Historical						
2011	14,913	1,314	16,226	649,893	80,766	730,659
Projected						
2020	17,117	1,652	18,769	796,426	113,697	910,123
Compound Annual Growth Rate						
2011 - 2020	1.5%	2.6%	1.6%	2.3%	3.9%	2.5%

NOTES:

1/ Data for the Airport is presented for the Authority's OY, the 12-month period ending September 30.

2/ Data for the United States is presented for the federal fiscal year which corresponds to the Authority's OY.

3/ For consistency purposes with airline reporting, the Authority classifies passengers on U.S. flag carriers that arrive from or depart to Canadian destinations with U.S. Customs pre-clearance facilities as domestic passengers.

SOURCE: Wayne County Airport Authority (Historical), May 2012; Ricondo & Associates, Inc. (Projected), May 2012.
PREPARED BY: Ricondo & Associates, Inc., May 2012.

Financial Analysis

Chapter 6 of the Report presents the analysis undertaken by R&A to demonstrate the ability of the Authority to comply with the requirements of the Ordinances, including those pertaining to the issuance of Additional Senior Lien Bonds, on a *pro-forma* basis in each year of the Projection Period based on assumptions regarding the planned issuance of the Series 2012 Bonds, the completion of the Series 2012 Projects, and the issuance of future bonds which were established by R&A and the Authority through consultation with its staff, financial advisors, and senior managing underwriter.

Projections of airline rates and charges and resultant airline cost per enplanement (CPE) were developed based on the terms of the Airline Agreements which expire on September 30, 2032. Pursuant to the terms of the Airline Agreements, the Authority calculates airline activity fee rates under an Airport-wide residual methodology. As such, the Signatory Airlines guarantee the net cost of operating the entire Airport, including operating expenses and all debt service and coverage requirements.

Based on the analysis in this Report and the financial projections presented in Chapter 6, R&A is of the opinion that Net Revenues generated in each year of the Projection Period will be sufficient to comply with the Rate Covenant established in the Ordinances. R&A is also of the opinion that the Airport's airline rates and charges will remain reasonable on a CPE basis as compared to other large-hub U.S. airports through the Projection Period.

Results of the financial analysis presented in the following sections can be summarized as follows:

- After the issuance of the Series 2012A Bonds, the Series 2012B Bonds, and the anticipated issuance of additional future bonds in OY 2014 and OY 2016, Airport aggregate annual debt service is estimated to increase from approximately $162.1 million in OY 2011 to approximately $180.4 million in OY 2019, before decreasing to approximately $175.3 million in OY 2020. The potential refunding of the Series 1998A Bonds, Series 2002C Bonds, and Series 2002D Bonds and any associated debt service savings have not been assumed in this Report.
- O&M expenses were approximately $196.3 million in OY 2011 and are estimated to decrease to approximately $188.0 million in OY 2012. Based on the Authority's expectations with respect to the OY 2013 operating budget, O&M expenses are projected to further decrease to approximately $184.0 million in OY 2013. The increase in O&M Expenses projected between OY 2013 and OY 2020 represents a CAGR of approximately 3.5 percent, with total O&M Expenses projected to increase to approximately $234.2 million in OY 2020.
- Non-airline revenues were approximately $131.7 million in OY 2011 and are estimated to decrease to approximately $130.1 million in OY 2012, primarily due to decreases in non-airline terminal rent. Based on the Authority's expectations with respect to the OY 2013 operating budget, non-airline revenues are projected to decrease to approximately $127.2 million in OY 2013, primarily due to a change in shuttle bus operations at the Airport and a corresponding reduction to shuttle bus operating revenues and operating expenses. The increase in non-airline revenues projected between

OY 2013 and OY 2020 represents a CAGR of approximately 2.4 percent, with total non-airline revenues projected to increase to approximately $150.3 million in OY 2020.

- Airline revenues calculated based on an Airport-wide residual methodology pursuant to the terms of the Airline Agreements are projected to increase from approximately $144.5 million in OY 2011 (Actual) and approximately $158.8 million in OY 2012 (Estimated) to approximately $200.2 million in OY 2020. The Airport's estimated average Airline CPE is projected to increase from approximately $8.90 in OY 2011 and $9.73 in OY 2012 (Estimated) to approximately $11.01 in OY 2019, before decreasing to $10.66 in OY 2020.
- Debt service coverage is projected to exceed applicable requirements over the entire Projection Period, with Senior Lien Bond debt service coverage exceeding 1.60x in each year pursuant to the Ordinances.

A summary of the financial analysis is presented in **Table S-5**.

Table S-5 Summary of Financial Analysis

	ACTUAL	ESTIMATED	PROJECTED								CAGR
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2013-2020
Operating Revenues and O&M Expenses											
Airline Revenues	$ 144.5	$ 158.8	$ 161.4	$ 169.8	$ 177.6	$ 177.1	$ 181.0	$ 195.2	$ 202.0	$ 200.2	3.1%
Non-Airline Revenues	$ 131.7	$ 130.1	$ 127.2	$ 129.2	$ 133.2	$ 136.4	$ 139.7	$ 143.2	$ 146.7	$ 150.3	2.4%
Total O&M Expenses	$ 196.3	$ 188.0	$ 184.0	$ 190.4	$ 197.0	$ 203.9	$ 211.1	$ 218.5	$ 226.2	$ 234.2	3.5%
Airline Rates and Charges											
South Terminal Rental Rate (per sq. ft.)	$ 57.82	$ 60.71	$ 64.22	$ 66.41	$ 67.77	$ 70.25	$ 70.37	$ 71.75	$ 74.01	$ 75.99	2.4%
North Terminal Rental Rate (per sq. ft.)	$ 68.72	$ 121.42	$ 138.06	$ 144.94	$ 141.60	$ 152.32	$ 137.55	$ 131.89	$ 133.47	$ 131.53	-0.7%
Airport Activity Fee (Signatory)	$ 3.24	$ 3.32	$ 3.21	$ 3.40	$ 3.67	$ 3.40	$ 3.60	$ 4.13	$ 4.23	$ 3.99	3.1%
Airline Cost Per Enplaned Passenger											
Total Airline Revenues	$ 144.49	$ 158.75	$ 161.43	$ 169.79	$ 177.60	$ 177.07	$ 181.00	$ 195.23	$ 202.04	$ 200.17	3.1%
Enplaned Passengers (millions)	16.2	16.3	16.4	16.6	16.9	17.2	17.6	18.0	18.4	18.8	2.0%
Airport Activity Fee (Signatory)	$ 8.90	$ 9.73	$ 9.85	$ 10.23	$ 10.51	$ 10.29	$ 10.29	$ 10.87	$ 11.01	$ 10.66	1.1%
Debt Service Coverage											
Senior Lien Bonds	1.60	1.65	1.64	1.64	1.62	1.61	1.63	1.62	1.61	1.63	
Junior Lien Bonds	1.48	1.52	1.52	1.52	1.51	1.50	1.51	1.51	1.50	1.51	

SOURCE: Wayne County Airport Authority (Historical), July 2012; Ricondo & Associates, Inc. (Projected), August 2012.
PREPARED BY: Ricondo & Associates, Inc., August 2012.

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1. The Series 2012 Projects and the Series 2012 Bonds

1.1 Summary of Findings

As described in more detail in the following sections, key considerations with respect to the Series 2012 Bonds are:

- The Series 2012 Bonds are payable from and secured by a lien on Net Revenues of the Authority from the operation of the Airport on parity with all Outstanding Senior Lien Bonds and any Additional Bonds
- Proceeds of the Series 2012A Bonds and Series 2012B Bonds will fund approximately $201.9 million of the $285.6 million total costs of the Series 2012 Projects
- The Series 2012 Projects are a subset of the Airport's 2013-2017 CIP which has a total estimated project cost of approximately $565.5 million.
- Costs associated with airfield improvement and reconstruction projects account for approximately 70 percent of the total estimated costs of the Series 2012 Projects
- Proceeds of the Series 2012 Bonds, along with other available Airport funds, will also fund capitalized interest on a portion of the Series 2012 Bonds, fund certain Debt Service Reserve Fund requirements with respect to the Series 2012 Bonds, refund all or a portion of outstanding Series 1998A Bonds, Series 2002C Bonds, and Series 2002D Bonds, and fund certain costs of issuing the Series 2012 Bonds. The issuance of the Series 2012 Refunding Bonds is subject to market conditions and any debt service savings associated with the refunding of the Series 1998A Bonds, Series 2002C Bonds, and Series 2002D Bonds has not been assumed in this Report.

1.2 The Series 2012 Projects

The Series 2012 Projects include capital projects to be funded, in part, with the proceeds of the Series 2012 Bonds. These projects are a subset of projects contained in the Authority's capital improvement program (CIP) which is further described in Section 3.2 of this Report. The Series 2012 Projects have an estimated total cost of $285.6 million, including design, engineering, construction, and contingency fees. **Table 1-1** presents estimated total project costs and annual project expenditures. **Table 1-2** presents anticipated funding sources for the Series 2012 Projects (see Section 3.2.2 for a description of these funding sources). The Authority expects that future Airport Revenue Bonds will not be required to complete the Series 2012 Projects.

The largest single component of the Series 2012 Projects is the reconstruction of Runway 4R/22L which also includes the reconstruction of the western end of Runway 9L/27R and the reconstruction of portions of associated taxiways. As of July 1, 2012, expenditures on these reconstruction projects total approximately $15.9 million. Project design for the reconstruction of the north half of Runway 4R/22L, which includes the intersection with Runway 9R/27L, is 100 percent complete and this portion of the project has been awarded for construction. The reconstruction of the north half of Runway 4R/22L is anticipated to be 50 percent complete by September 15, 2012. The remainder of the north half of the runway is scheduled for reconstruction starting in April 2013 with completion of this section expected by October 1, 2013.

Project design for the reconstruction of the south half of Runway 4R/22L is approximately 30 percent complete. Design is expected to be completed by November 2012 and construction of this portion of the project is scheduled to be bid in December 2012. Similar to the north half of the runway, the reconstruction of the south half is planned over two construction seasons (construction seasons of 2013 and 2014) with the runway opening for flight activity between the two seasons (during the end of CY 2013 and the beginning of CY 2014). The reconstruction of Runway 4R/22L is anticipated to be complete by November 2014.

Of the remainder of the Series 2012 Projects, there are only five that have total estimated project costs of $10.0 million or greater; these projects include Eastern Taxiways Reconstruction ($28.4 million), Displacement of Runway 4R Threshold ($13.5 million), Ground Run-up Enclosure construction ($11.1 million), Fleet & Heavy Equipment Acquisitions ($10.7 million), and De-Icing Fluid Forcemain to DWSD ($10.0 million).

The Airline Agreements allow the Authority to issue bonds to finance the cost of capital projects and include bond debt service and coverage requirements in Signatory Airline fees only after first receiving approval of a Weighted Majority of the Signatory Airlines (as described in Section 6.1.3) for such capital projects. A Weighted Majority of the Signatory Airlines has approved the Series 2012 Projects. Per the terms of the Airline Agreements, a portion of the debt service, coverage requirements, and operating expenses associated with the Series 2012 Projects will be included in the airline rate base after the projects are completed, as shown in the financial projections presented in Chapter 6 of this Report.

Table 1-1 Series 2012 Projects - Estimated Expenditures 1/

(Figures in Thousands)

PROJECT	ESTIMATED TOTAL COST	PRIOR TO OY 2012	OY 2012	OY 2013	OY 2014	OY 2015
Series 2012 Projects						
Airfield						
De-Icing Fluid Forcemain to DWSD	$ 9,986	$ 8,290	$ 1,696	$ -	$ -	$ -
Runway 4R/22L, Western End of 9L/27R & Portions of Associated Taxiways Reconstruction	$ 137,000	$ 5,020	$ 36,000	$ 90,000	$ 5,980	$ -
Airfield Service Road West of Taxiway M Improvements	$ 2,100	$ -	$ 1,900	$ 200	$ -	$ -
Berry Apron Rehabilitation	$ 620	$ -	$ 620	$ -	$ -	$ -
Displacement of Runway 4R Threshold	$ 13,500	$ -	$ 1,500	$ 7,000	$ 5,000	$ -
Runway 3L/21R & Portions of Associated Taxiways Reconstruction - Design Only	$ 8,000	$ -	$ -	$ 2,000	$ 4,000	$ 2,000
Eastern Taxiways Reconstruction (S, S-4, S-5, W-5, and portions of F, PP1, PP2, and V)	$ 28,400	$ -	$ -	$ 1,400	$ 24,800	$ 2,200
Subtotal Airfield	$ 199,606	$ 13,310	$ 41,716	$ 100,600	$ 39,780	$ 4,200
Parking Decks & Lots						
Green Lot Rehabilitation	$ 3,300	$ -	$ 200	$ 3,100	$ -	$ -
South Employee Parking Lot Reconstruction	$ 9,300	$ -	$ -	$ 8,500	$ 800	$ -
Blue Parking Deck Rehabilitation	$ 4,140	$ -	$ -	$ 1,200	$ 1,750	$ 1,190
McNamara Parking Deck Rehabilitation	$ 7,750	$ -	$ -	$ 3,500	$ 4,250	$ -
Parking Decks LED Lighting Upgrade	$ 5,620	$ -	$ -	$ 200	$ 2,500	$ 2,920
Subtotal Parking Decks & Lots	$ 30,110	$ -	$ 200	$ 16,500	$ 9,300	$ 4,110
Support Facilities						
Replacement and Consolidation of Control, Dispatch and Emergency Centers	$ 8,400	$ -	$ 700	$ 6,200	$ 1,500	$ -
Police Operations Facility Replacement	$ 7,800	$ -	$ 625	$ 5,000	$ 2,175	$ -
Subtotal Support Facilities	$ 16,200	$ -	$ 1,325	$ 11,200	$ 3,675	$ -
Fleet & Equipment						
Vehicle & Equipment Fueling Facilities Improvements	$ 1,500	$ -	$ 300	$ 1,200	$ -	$ -
Fleet & Heavy Equipment Acquisitions	$ 10,700	$ -	$ 3,567	$ 3,567	$ 3,567	$ -
Replacement of Fuel Tanks and Installation of Fueling Island Canopies	$ 1,200	$ -	$ 200	$ 1,000	$ -	$ -
Subtotal Fleet & Equipment	$ 13,400	$ -	$ 4,067	$ 5,767	$ 3,567	$ -
Noise Mitigation						
Ground Run-up Enclosure	$ 11,125	$ 945	$ 9,000	$ 1,180	$ -	$ -
Electrical Distribution						
Remote Metering & Powerhouse Control Room - Design Only	$ 6,000	$ -	$ 250	$ 5,750	$ -	$ -
Water Distribution						
Watermain Replacements	$ 4,000	$ -	$ -	$ 2,750	$ 700	$ 550
Security & Communications						
Security Network Upgrades - Phase 1	$ 3,100	$ -	$ 200	$ 2,600	$ 300	$ -
Roofing						
Roof Replacements (Fire Station 100 and Hangar 530	$ 2,030	$ -	$ 1,480	$ 450	$ 100	$ -
Total Series 2012 Projects	**$ 285,571**	**$ 14,255**	**$ 58,238**	**$ 146,797**	**$ 57,422**	**$ 8,860**

NOTE:

1/ Funding sources are subject to change and projects are subject to demand and available funding.

SOURCE: Wayne County Airport Authority, July 2012.

PREPARED BY: Ricondo & Associates, Inc., July 2012.

Table 1-2 Series 2012 Projects - Anticipated Funding Sources 1/

(Figures in Thousands)

PROJECT	ESTIMATED TOTAL COST	AIP GRANTS	PREVIOUS BONDS	SERIES 2012 BONDS	FUTURE BONDS
		ANTICIPATED FUNDING SOURCES			
Series 2012 Projects					
Airfield					
De-Icing Fluid Forcemain to DWSD	$ 9,986	$ 7,304	$ 1,750	$ 932	$ -
Runway 4R/22L, Western End of 9L/27R & Portions of Associated Taxiways Reconstruction	$ 137,000	$ 39,486	$ 25,073	$ 72,441	$ -
Airfield Service Road West of Taxiway M Improvements	$ 2,100	$ 200	$ -	$ 1,900	$ -
Berry Apron Rehabilitation	$ 620	$ -	$ -	$ 620	$ -
Displacement of Runway 4R Threshold	$ 13,500	$ 1,000	$ -	$ 12,500	$ -
Runway 3L/21R & Portions of Associated Taxiways Reconstruction - Design Only	$ 8,000	$ -	$ -	$ 8,000	$ -
Eastern Taxiways Reconstruction (S, S-4, S-5, W-5, and portions of F, PP1, PP2, and V)	$ 28,400	$ -	$ -	$ 28,400	$ -
Subtotal Airfield	$ 199,606	$ 47,990	$ 26,823	$ 124,793	$ -
Parking Decks & Lots					
Green Lot Rehabilitation	$ 3,300	$ -	$ -	$ 3,300	$ -
South Employee Parking Lot Reconstruction	$ 9,300	$ -	$ -	$ 9,300	$ -
Blue Parking Deck Rehabilitation	$ 4,140	$ -	$ -	$ 4,140	$ -
McNamara Parking Deck Rehabilitation	$ 7,750	$ -	$ -	$ 7,750	$ -
Parking Decks LED Lighting Upgrade	$ 5,620	$ -	$ -	$ 5,620	$ -
Subtotal Parking Decks & Lots	$ 30,110	$ -	$ -	$ 30,110	$ -
Support Facilities					
Replacement and Consolidation of Control, Dispatch and Emergency Centers	$ 8,400	$ -	$ -	$ 8,400	$ -
Police Operations Facility Replacement	$ 7,800	$ -	$ -	$ 7,800	$ -
Subtotal Support Facilities	$ 16,200	$ -	$ -	$ 16,200	$ -
Fleet & Equipment					
Vehicle & Equipment Fueling Facilities Improvements	$ 1,500	$ -	$ -	$ 1,500	$ -
Fleet & Heavy Equipment Acquisitions	$ 10,700	$ -	$ -	$ 10,700	$ -
Replacement of Fuel Tanks and Installation of Fueling Island Canopies	$ 1,200	$ -	$ -	$ 1,200	$ -
Subtotal Fleet & Equipment	$ 13,400	$ -	$ -	$ 13,400	$ -
Noise Mitigation					
Ground Run-up Enclosure	$ 11,125	$ 8,899	$ -	$ 2,226	$ -
Electrical Distribution					
Remote Metering & Powerhouse Control Room - Design Only	$ 6,000	$ -	$ -	$ 6,000	$ -
Water Distribution					
Watermain Replacements	$ 4,000	$ -	$ -	$ 4,000	$ -
Security & Communications					
Security Network Upgrades - Phase 1	$ 3,100	$ -	$ -	$ 3,100	$ -
Roofing					
Roof Replacements (Fire Station 100 and Hangar 530	$ 2,030	$ -	$ -	$ 2,030	$ -
Total Series 2012 Projects	**$ 285,571**	**$ 56,889**	**$ 26,823**	**$ 201,859**	**$ -**

NOTE:
1/ Funding sources are subject to change and projects are subject to demand and available funding.

SOURCE: Wayne County Airport Authority, July 2012.
PREPARED BY: Ricondo & Associates, Inc., July 2012.

A description of the Series 2012 Projects with an estimated cost of $10.0 million or greater, along with estimated total costs, is presented below:

- **Runway 4R/22L, Western End of 9L/27R & Portions of Associated Taxiways Reconstruction ($137.0 million)** - Addresses the deteriorated pavement of Runway 4R/22L, its connector taxiways, and associated systems. In addition, includes the full reconstruction of the western end of Runway 9L and its associated taxiways.

- **Eastern Taxiways Reconstruction – S, S-4, S-5, W-5, and portions of F, PP1, PP2, and V ($28.4 million)** – Reconstruction of deteriorated pavement and associated systems.

- **Displacement of Runway 4R Threshold ($13.5 million)** – Displacement of Runway 4R Threshold north by approximately 509 linear feet, and associated modifications and improvements, to alleviate certain airfield operational restrictions.

- **Ground Run-up Enclosure ($11.1 million)** – Development of a three-sided noise mitigation facility and associated airfield pavement and systems on the north side of Taxiway A-5.

- **Fleet & Heavy Equipment Acquisitions ($10.7 million)** - Five-year fleet and equipment replacement program.

- **De-Icing Fluid Forcemain to DWSD ($10.0 million)** – Design and construction of a new pump station and a 12-inch de-icing force main, approximately six miles in length, connecting the Airport's glycol pond to a Detroit Water and Sewer Department (DWSD) interceptor.

In addition, 16 projects each having estimated total project costs of less than $10.0 million are included as Series 2012 Projects. Combined, these 16 projects have estimated total project costs of $84.8 million.

As shown in Table 1-2, Series 2012 Projects have estimated total costs of approximately $285.6 million. The costs of these projects currently are anticipated to be funded with the proceeds of the Series 2012A Bonds and Series 2012B (approximately $201.9 million), AIP grants (approximately $56.9 million), and proceeds from previous bonds (approximately $26.8 million).

1.3 The Series 2012 Bonds

Proceeds of the Series 2012 Bonds, along with other available Airport funds, will (1) fund a portion of the costs of the Series 2012 Projects, which are a subset of the Airport's 2013-2017 CIP, (2) fund capitalized interest on a portion of the Series 2012 Bonds, (3) fund certain Debt Service Reserve Fund requirements with respect to the Series 2012 Bonds, (4) refund all or a portion of outstanding Series 1998A Bonds, Series 2002C Bonds, and Series 2002D Bonds, and (5) fund certain costs of issuing the Series 2012 Bonds.

Under the provisions of the Ordinances, as described in Section 1.3.2, the Series 2012 Bonds are payable from and secured by a lien on Net Revenues of the Authority from the operation of the Airport on parity with all Outstanding Senior Lien Bonds and any Additional Bonds. For any period, Net Revenues means the Revenues for such period, less the amount needed for the payment of Operation and Maintenance (O&M) Expenses for such period. As of August 1, 2012 and before the issuance of the Series 2012 Bonds, the Authority had approximately $1.8 billion aggregate principal amount of Senior Lien Bonds Outstanding.

As part of the Series 2012 Bonds financing, the Authority is considering the issuance of the Series 2012 Refunding Bonds to refund all or a portion of outstanding Series 1998A Bonds, Series 2002C Bonds, and Series 2002D Bonds and expects that debt service savings would result from this potential refunding. The issuance of the Series 2012 Refunding Bonds and any debt service savings associated with the refunding of the Series 1998A Bonds, Series 2002C Bonds, and Series 2002D Bonds has not been assumed in this Report. If this refunding were to occur, the Authority expects that annual debt service requirements would be lower than as reflected in the tables accompanying Chapter 6 of this Report.

1.3.1 FINANCING PLAN

As presented in Table 1-1, a total of approximately $201.9 million of Series 2012A Bond and Series 2012B Bond proceeds are expected to be used to fund a portion of the costs of the Series 2012 Projects. A list of estimated sources and uses of funds for the Series 2012A Bonds and Series 2012B Bonds is presented in **Table 1-3**. The estimated sources and uses of funds and estimated debt service for the Series 2012A Bonds and Series 2012B Bonds were prepared by Public Financial Management, Inc. (PFM).

Debt service estimates for the Series 2012A Bonds and Series 2012B Bonds were prepared by PFM based on the following assumptions:

- Series 2012A Bonds: Approximately $200.3 million of non-AMT Series 2012A Bonds will be issued to fund a portion of the costs of the Series 2012 Projects and required fund deposits and costs of issuance.
  - For the purposes of estimating debt service requirements, an interest rate of 4.75 percent is assumed
  - The first principal payment is assumed to occur on December 1, 2016 and the final principal payment is assumed to occur on December 1, 2042
  - A portion of bond proceeds will fund interest capitalized during construction
- Series 2012B Bonds: Approximately $27.5 million of AMT Series 2012B Bonds will be issued to fund a portion of the costs of the Series 2012 Projects and required fund deposits and costs of issuance.

Table 1-3 Estimated Sources and Uses of Funds [1/]

(Figures in Thousands)

	SERIES 2012A BONDS (NON-AMT)	SERIES 2012B BONDS (AMT)	TOTAL SERIES 2012A BONDS AND SERIES 2012B BONDS
Sources of Funds			
Par Amount of Bonds	$ 200,275	$ 27,465	$ 227,740
Original Issue Premium	$ 996	$ -	$ 996
Interest Earnings on Funds	$ 405	$ 40	$ 445
Total Sources	**$ 201,676**	**$ 27,505**	**$ 229,181**
Uses of Funds			
Series 2012 Projects Costs Paid from Bond Proceeds	$ 178,029	$ 23,830	$ 201,859
Capitalized Interest	$ 20,639	$ 2,616	$ 23,255
Original Issue Discount	$ -	$ 646	$ 646
Costs of Issuance	$ 3,008	$ 412	$ 3,421
Total Uses	**$ 201,676**	**$ 27,505**	**$ 229,181**

NOTE:
1/ Estimated sources and uses of funds through completion of the Series 2012 Projects as of July 23, 2012, assuming current market conditions plus 50 basis points.

SOURCE: Public Financial Management, Inc., July 23, 2012.
PREPARED BY: Ricondo & Associates, Inc., July 2012.

- For the purposes of estimating debt service requirements, an interest rate of 5.24 percent is assumed
- The first principal payment is assumed to occur on December 1, 2016 and the final principal payment is assumed to occur on December 1, 2042
- A portion of bond proceeds will fund interest capitalized during construction

Table 1-4 presents estimated debt service requirements for the Series 2012A Bonds and Series 2012B Bonds.

1.3.2 MASTER BOND ORDINANCE

The financial operation of the Authority is governed primarily by the Master Bond Ordinance and by the Airline Agreements (see Section 6.1.3). The Master Bond Ordinance provides conditions for the issuance of Senior Lien Bonds, such as the Series 2012 Bonds, and the application of Revenues, as defined therein, to the payment of operating expenses and debt service. As of August 1, 2012, and prior to the issuance of the Series 2012 Bonds, the Authority had approximately $1.8 billion in Senior Lien Bonds outstanding. The Master Bond Ordinance also allows for the issuance of Junior Lien Bonds, of which approximately $177.1 million were outstanding as of August 1, 2012.

The Master Bond Ordinance defines "Revenues" to mean the general revenues derived from the operation of the Airport, which includes all amounts deposited in the Revenue Fund, from whatever source, and all income derived from, but not necessarily limited to, the following:

- Charges, fees, rentals, and rates charged for services, facilities, and commodities furnished by the Airport, whether such income is derived from its function as an Airport or not;
- Concessions, rentals, auto parking fees, service charges derived from the operation of the terminal complex buildings and facilities;
- Airplane landing fees;
- Non-airline gasoline fees;
- Miscellaneous charges and rentals from other facilities and services; and
- Investment earnings or general revenues derived from the operation of the Airport accumulated by the Authority prior to deposit to the Revenue Fund.

Specific items identified for exclusion from the calculation of Revenues include (1) rentals or other amounts to be paid in the future by any Person pursuant to a lease or other agreement with Wayne County or the Authority, which rentals or other amounts are pledged for the payment of bonds issued to provide funds to construct Special Facilities, (2) the proceeds of federal grants or Passenger Facility Charges, or the proceeds of any other grant, charge or tax intended as a replacement therefore or other capital contributions from any source, (3) the Net Proceeds of insurance or condemnation proceeds resulting from the damage or destruction or taking of any portion of the Airport, or (4) Special Purpose Revenues.

Table 1-4 Series 2012 Bonds Net Debt Service [1/]

(Figures in Thousands)

	SERIES 2012A (NON-AMT)			SERIES 2012B (AMT)			TOTAL SERIES 2012A BONDS AND 2012B BONDS		SERIES
OPERATING YEAR	GROSS DEBT SERVICE	CAPITALIZED INTEREST	NET DEBT SERVICE	GROSS DEBT SERVICE	CAPITALIZED INTEREST	NET DEBT SERVICE	GROSS DEBT SERVICE	CAPITALIZED INTEREST	NET DEBT SERVICE
2012	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2013	$ 9,642	$ (9,516)	$ 126	$ 1,383	$ (1,348)	$ 35	$ 11,025	$ (10,864)	$ 161
2014	$ 9,159	$ (7,970)	$ 1,189	$ 1,314	$ (949)	$ 365	$ 10,473	$ (8,919)	$ 1,554
2015	$ 9,159	$ (2,878)	$ 6,280	$ 1,314	$ (293)	$ 1,021	$ 10,473	$ (3,171)	$ 7,301
2016	$ 10,013	$ (275)	$ 9,738	$ 1,418	$ (26)	$ 1,392	$ 11,431	$ (301)	$ 11,130
2017	$ 13,016	$ -	$ 13,016	$ 1,836	$ -	$ 1,836	$ 14,852	$ -	$ 14,852
2018	$ 13,580	$ -	$ 13,580	$ 1,917	$ -	$ 1,917	$ 15,497	$ -	$ 15,497
2019	$ 13,581	$ -	$ 13,581	$ 1,918	$ -	$ 1,918	$ 15,499	$ -	$ 15,499
2020	$ 13,585	$ -	$ 13,585	$ 1,915	$ -	$ 1,915	$ 15,499	$ -	$ 15,499
2021	$ 13,580	$ -	$ 13,580	$ 1,918	$ -	$ 1,918	$ 15,498	$ -	$ 15,498
2022	$ 13,579	$ -	$ 13,579	$ 1,917	$ -	$ 1,917	$ 15,496	$ -	$ 15,496
2023	$ 13,584	$ -	$ 13,584	$ 1,914	$ -	$ 1,914	$ 15,498	$ -	$ 15,498
2024	$ 13,579	$ -	$ 13,579	$ 1,918	$ -	$ 1,918	$ 15,497	$ -	$ 15,497
2025	$ 13,582	$ -	$ 13,582	$ 1,914	$ -	$ 1,914	$ 15,496	$ -	$ 15,496
2026	$ 13,583	$ -	$ 13,583	$ 1,920	$ -	$ 1,920	$ 15,503	$ -	$ 15,503
2027	$ 13,580	$ -	$ 13,580	$ 1,914	$ -	$ 1,914	$ 15,494	$ -	$ 15,494
2028	$ 13,580	$ -	$ 13,580	$ 1,918	$ -	$ 1,918	$ 15,498	$ -	$ 15,498
2029	$ 13,582	$ -	$ 13,582	$ 1,918	$ -	$ 1,918	$ 15,499	$ -	$ 15,499
2030	$ 13,579	$ -	$ 13,579	$ 1,916	$ -	$ 1,916	$ 15,495	$ -	$ 15,495
2031	$ 13,583	$ -	$ 13,583	$ 1,917	$ -	$ 1,917	$ 15,499	$ -	$ 15,499
2032	$ 13,581	$ -	$ 13,581	$ 1,915	$ -	$ 1,915	$ 15,496	$ -	$ 15,496
2033	$ 13,583	$ -	$ 13,583	$ 1,916	$ -	$ 1,916	$ 15,499	$ -	$ 15,499
2034	$ 13,578	$ -	$ 13,578	$ 1,917	$ -	$ 1,917	$ 15,494	$ -	$ 15,494
2035	$ 13,583	$ -	$ 13,583	$ 1,918	$ -	$ 1,918	$ 15,501	$ -	$ 15,501
2036	$ 13,580	$ -	$ 13,580	$ 1,918	$ -	$ 1,918	$ 15,498	$ -	$ 15,498
2037	$ 13,581	$ -	$ 13,581	$ 1,914	$ -	$ 1,914	$ 15,495	$ -	$ 15,495
2038	$ 13,580	$ -	$ 13,580	$ 1,915	$ -	$ 1,915	$ 15,495	$ -	$ 15,495
2039	$ 13,583	$ -	$ 13,583	$ 1,919	$ -	$ 1,919	$ 15,501	$ -	$ 15,501
2040	$ 13,580	$ -	$ 13,580	$ 1,915	$ -	$ 1,915	$ 15,495	$ -	$ 15,495
2041	$ 13,582	$ -	$ 13,582	$ 1,919	$ -	$ 1,919	$ 15,501	$ -	$ 15,501
2042	$ 13,582	$ -	$ 13,582	$ 1,916	$ -	$ 1,916	$ 15,498	$ -	$ 15,498
2043	$ 2,264	$ -	$ 2,264	$ 319	$ -	$ 319	$ 2,583	$ -	$ 2,583

NOTE:
1/ Estimated debt service requirements through maturity of the Series 2012 Bonds as of July 23, 2012 assuming current market conditions plus 50 basis points.

SOURCE : Public Financial Management, Inc., July 23, 2012.
PREPARED BY: Ricondo & Associates, Inc., July 2012.

The term "Net Revenues" is defined to mean, for any OY of the Authority or other period of time, Revenues for such year or period, less the amount needed for the payment of Operation and Maintenance (O&M) Expenses for such year or period, with O&M Expenses defined as the reasonable expenses of administration, operation, and maintenance of the Airport. Under the provisions of the Master Bond Ordinance, the Series 2010 Ordinance, and the Series 2012 Ordinance, the Series 2012 Bonds are to be payable from and secured by a lien on Net Revenues.

The term "Special Purpose Revenues" is defined to mean specific categories of revenues, income, receipts or money of a type not previously included in Revenues, relating to or arising from a definable service, facility or program of the Authority or at either of the Airports, which (1)(i) are designated as Special Purpose Revenues by the Authority before the first receipt by the Authority of such category or portion of revenues, income, receipts or money or (ii) are statutorily designated for restricted purposes under state law; and (2) are restricted as to use by the Authority.

Rate Covenant

The Authority covenants in Section 604 of the Master Bond Ordinance to fix, charge, and collect rates, fees, rentals, and charges for the use and operation of the Airport as may be necessary or appropriate to produce Revenues in each OY which will be at least sufficient to provide for the following:

- The payment of O&M Expenses for the OY;
- Together with PFC proceeds, including interest thereon, deposited with the Trustee with respect to such OY, the amounts needed to make the deposits required pursuant to Section 501 of the Master Bond Ordinance for the OY to the Bond Fund; and,
- Together with Other Available Moneys deposited with the Trustee with respect to such OY (to the extent not needed to make the deposits required pursuant to Section 501 of the Master Bond Ordinance for such OY to the Bond Fund) and any unencumbered cash balance held in the Revenue Fund on the last day of the OY preceding the OY for which the calculation is made and not then required to be deposited in any Fund or Account, including (1) Junior Lien Bond Fund, Operation and Maintenance Reserve Fund, Renewal and Replacement Fund, Airport Discretionary Fund, the Airport Development Fund, and (2) an amount not less than 25 percent of the Debt Service due and payable on Senior Lien Bonds during such OY.

Under the Master Bond Ordinance, rates, fees, rentals, and charges must be revised from time to time as may be necessary to produce the necessary amounts, provided that those fixed pursuant to a lease or contract are not revised except as provided for in the lease or contract.

Additional Senior Lien Bonds

Section 208 of the Master Bond Ordinance permits the Authority to issue a Series of Senior Lien Bonds on a parity with Outstanding Senior Lien Bonds (Additional Senior Lien Bonds) as long as no Default or Event of Default under the Master Bond Ordinance is known to the Authority at the time they are authorized to be issued by adoption of a Series Ordinance. Prior to issuing any Additional Senior Lien Bonds, the Authority must obtain an opinion of Bond Counsel that the issuance will not impair the tax-exempt status of any prior

Series of Senior Lien Bonds or Junior Lien Bonds. For Additional Senior Lien Bonds, either of the following is also required;

(1) the Authority has provided a report of an Airport Consultant projecting (i) Revenues and Revenue Fund balances plus (ii) Other Available Moneys and any amounts estimated to be available to pay capitalized interest sufficient for the first three full OYs commencing after completion of construction of capital projects to be funded from the proceeds of the Additional Senior Lien Bonds satisfying the Rate Covenant and any other applicable covenants contained in any Series Ordinance; or

(2) the Authority has provided to the Trustee a certificate of the CFO, accompanied by an Accountant's report, certifying that, taking all Outstanding Senior Lien Bonds (other than any Senior Lien Bonds to be refunded by the Series of Senior Lien Bonds proposed to be issued) and the Series of Senior Lien Bonds to be issued into account as if it had been issued at the beginning of the most recent OY for which audited financial statements for the Authority are available, the Net Revenues together with Other Available Moneys actually deposited in the Bond Fund for such OY were not less than 125 percent of the Debt Service with respect to Outstanding Senior Lien Bonds and proposed Series of Senior Lien Bonds for such period. Any unencumbered fund balance in the Revenue Fund on the last day of the OY preceding the OY for which the calculation is made may be added to Net Revenues for this calculation as provided in Section 604 of the Master Bond Ordinance.

Additional Senior Lien Bonds issued to refund Outstanding Senior Lien Bonds which would not increase aggregate Debt Service on the Series of Bonds to be refunded by more than 20 percent are not subject to the Additional Senior Lien Bonds Test. Additional Senior Lien Bonds issued to finance the cost of completing a CIP element with respect to which a Series of Senior Lien Bonds has previously been issued, as long as the principal amount does not exceed 10 percent of the face amount of the Series of Senior Lien Bonds originally issued for such CIP element, are not subject to the Additional Senior Lien Bonds Test.

The Series 2012 Bonds shall be issued as Senior Lien Bonds of the Authority under Section 202A of the Master Bond Ordinance and pursuant to the requirements of Section 208A of the Master Bond Ordinance.

Additional Junior Lien Bonds

Section 208A of the Master Bond Ordinance authorizes the Authority to issue one or more Series of Junior Lien Bonds as long as;

(1) the Authority is not aware of the existence of any Default or Event of Default under the Master Bond Ordinance at the time such Junior Lien Bonds are authorized to be issued by adoption of a Series Ordinance, and

(2) the issuance of the Junior Lien Bonds will not, in the opinion of Bond Counsel, impair the tax exempt status of any prior Series of Senior Lien Bonds or Junior Lien Bonds.

In addition, prior to issuing a Series of Junior Lien Bonds other than those proposed to refund Senior Lien Bonds or Junior Lien Bonds, the CFO must certify to the Trustee that:

(a) the sum of (i) the Net Revenues for the most recently completed OY; (ii) the amount of Other Available Moneys actually deposited in the Bond Fund for the most recently completed OY; and (iii) the average of (A) the amount of Other Available Moneys actually deposited in the Junior Lien Bond Fund for the most recently completed OY, and (B) each annual amount of Other Available Moneys that the Airport Consultant certifies to the Authority may reasonably be expected to be received by the Authority and deposited in the Junior Lien Bond Fund during the period that the proposed and outstanding Series of Junior Lien Bonds are projected to be Outstanding, is not less than 110% of the Debt Service with respect to such Outstanding Senior Lien Bonds and Outstanding Junior Lien Bonds for the most recently completed OY and of the average annual Debt Service with respect to the proposed Series of Junior Lien Bonds; and

(b) for each of the four OYs following the OY in which the proposed Series of Junior Lien Bonds is to be issued, the sum of (i) the Net Revenues that the Airport Consultant certifies to the Authority may reasonably be projected to be received for the immediately preceding OY; (ii) the amount of Other Available Moneys which the Airport Consultant certifies to the Authority may reasonably be expected to be deposited in the Bond Fund for the immediately preceding OY; and (iii) the average of (A) the amount of Other Available Moneys actually deposited in the Junior Lien Bond Fund for the most recently completed OY preceding the OY in which the proposed Series of Junior Lien Bonds is to be issued, and (B) each annual amount of Other Available Moneys that the Airport Consultant certifies to the Authority may reasonably be expected to be received by the Authority and deposited in the Junior Lien Bond Fund over the period that the proposed and outstanding Series of Junior Lien Bonds are projected to be Outstanding, is not less than 110% of the Debt Service with respect to such Outstanding Senior Lien Bonds and Outstanding Junior Lien Bonds for the immediately preceding OY and of the average annual Debt Service with respect to the proposed Series of Junior Lien Bonds.

As provided in Section 604 of the Master Bond Ordinance, any unencumbered fund balances in the Revenue Fund on the last day of the OY preceding the OY for which the calculation is made may be added to Net Revenues.

In making the required calculations, the Authority shall also take into account (a) all Outstanding Senior Lien Bonds and Outstanding Junior Lien Bonds (other than Senior Lien Bonds or Junior Lien Bonds proposed to be refunded by the Series of Junior Lien Bonds proposed to be issued) and (b) the Series of Junior Lien Bonds proposed to be issued as if it had been issued at the beginning of the most recent OY for which audited financial statements for the Airport are available. The certificate of the CFO is to be accompanied by an Accountant's report verifying compliance with these requirements.

Flow of Funds

Section 501 of the Master Bond Ordinance creates certain funds and accounts and establishes the principal functions and uses of each fund and account. The requirements of the Master Bond Ordinance and the rate-making methodology adhered to by the Authority were utilized to develop the flow of funds included in these financial analyses. **Exhibit 1-1** presents the flow of funds as specified in the Master Bond Ordinance. The Master Bond Ordinance requires that all Revenues be deposited in the Revenue Fund and applied in the following order of priority in monthly deposits:

FLOW OF FUNDS

DEPOSIT ALL REVENUES OF THE AIRPORT

Priority Under the Ordinance

1 — Revenue Fund

Maintain Fund Balance of Revenues as Credit Against Coverage Requirement - 25% of Debt Service on Outstanding Bonds

Rebate Fund

Pay Funds Pursuant to Section 103(c) (6) of The Internal Revenue Code of 1954

2 — Operation and Maintenance Fund

Pay Operation and Maintenance Expenses

3 — Bond and Interest Redemption Fund

Pay Principal, Redemption Price, and Interest on the Bonds

Bond Reserve Account	*Capitalized Interest Account*
Replenish Reserve as Required	Pay Capitalized Interest

Other Available Moneys

Monthly Transfer of Passenger Facility Charge (PFC) proceeds to pay eligible portions of Debt Service, including interest thereon, and federal LOI funds to the Bond Fund

4 — Junior Lien Bond and Interest Redemption Fund

Pay Principal, Redemption Price, and Interest on the Junior Lien Bonds; Pay Any Amounts Due to any Post-1996 Swap Provider and Due in Connection with Any Post-1996 Swap Agreement

Junior Lien Bond Reserve Account	*Junior Lien Capitalized Interest Account*	*Swap Payment Account*
Replenish Reserve as Required	Pay Capitalized Interest	Pay Obligations Under Any Post-1996 Swap Agreement

5 — Operation and Maintenance Reserve Fund

Maintain One-Month O&M Reserve to Pay for O&M, or Replenish Bond Reserve Fund

6 — Renewal and Replacement Fund

Pay for Completing or Replacing Capital Improvements, Repairs, Replacements, or Renovations at the Airport, Replenish Bond Reserve Account or Operation Maintenance Reserve Fund

7 — Airport Discretionary Fund

Pay for Any Cost or Expense of the Authority Incurred for Any Lawful Purpose at the Airports.

8 — Airport Development Fund

Pay for Capital Costs or Expense of the Authority Incurred for Any Lawful Airport System Related Purposes

Earnings and Profits in the:

Bond Reserve Account - in the following priority: (1) retained in the account until the Reserve Requirement is on deposit; (2) prior to the Completion Date, credit to the Construction Fund based on the proportion of the projects completed to date, and then credit the balance (or the amount related to projects that have not been completed) to the general account of the Bond Fundl and, (3) on and after the Completion Date credited to the general account of the Bond Fund.

Capitalized Interest Account - are applied in the following priority: (1) retained in the account until the account is fully funded and, (2) after the account is fully funded, credit to the Construction Fund.

Earnings and Profits in the:

Operation and Maintenance Reserve Fund - are applied in the following priority: (1) retained in the account until the Operating Reserve Requirement is on deposit; and, (2) after the account is fully funded, credited to the Revenue Fund.

Earnings and Profits in the:

Renewal and Replacement Fund - are applied in the following priority: (1) retained in the account until the Replacement Requirement is on deposit; and (2) after the account is fully funded, credited to the Revenue Fund.

SOURCE: Wayne County Airport Authority Master Airport Revenue Bond Ordinance, September 26, 2003.
PREPARED BY: Ricondo & Associates, Inc., May 2012.

Flow of Funds Pursuant to the Master Bond Ordinance

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- **Operation and Maintenance Fund.** Held by the Trustee and to be used only for monthly O&M Expenses.
- **Bond Interest and Redemption Fund.** Except as otherwise provided in the Ordinances, moneys on deposit in the Bond Interest and Redemption Fund (Bond Fund) are used for the purpose of paying the principal, redemption price, or interest on bonds. Separate accounts created in the Bond Fund include the Airport Bond Reserve Account and the Airport Capitalized Interest Account. Out of Revenues and other moneys remaining in the Revenue Fund, after transfers to the Operation and Maintenance Fund, if required, monthly transfers are made to the Bond Fund to provide for the next payment of principal and interest on bonds. Monthly transfers of Other Available Moneys are also made to the Bond Fund representing Passenger Facility Charge (PFC) proceeds to be used to pay eligible portions of Debt Service, including interest thereon. Monthly transfers are less: (1) any amounts in the Bond Fund representing accrued interest on the bonds, (2) amounts in the Capitalized Interest Account for bonds of a particular series to pay capitalized interest on those bonds for the current OY, (3) the sum of any funds, including Other Available Moneys, actually on deposit in the Bond Fund, and (4) payments received by a swap provider.
- **Junior Lien Bond Interest and Redemption Fund.** The Junior Lien Bond Interest and Redemption Fund (Junior Lien Bond Fund) is used, except as otherwise provided in the Ordinances, to pay the principal, redemption price, or interest on Junior Lien Bonds. The Airport Junior Lien Bond Reserve Account, Airport Junior Lien Capitalized Interest Account, and Airport Swap Payment Accounts are subaccounts in the Junior Lien Bond Fund. Out of Revenues and other moneys remaining in the Revenue Fund, after transfers to the Operation and Maintenance Fund, if required, monthly transfers are made to the Junior Lien Bond Fund to provide for the next payment of principal and interest on Junior Lien Bonds. Monthly transfers are less: (1) any amounts in the Junior Lien Bond Fund representing accrued interest on Junior Lien Bonds, (2) amounts in the Capitalized Interest Account for Junior Lien Bonds of a particular series to pay capitalized interest on those Junior Lien Bonds for the current OY, (3) the sum of any funds, including Other Available Moneys, actually on deposit in the Junior Lien Bond Fund, and (4) payments received by a swap provider.
- **Operation and Maintenance Reserve Fund.** Funded to an amount equal to one-twelfth of estimated O&M Expenses in the most recent Authority budget for the Airport. Via transfers from the Revenue Fund, the fund is adjusted to reflect changes in O&M Expenses as they are estimated by the Authority in its budget for the Airport. Transfers from the Operation and Maintenance Reserve Fund for the payment of O&M Expenses, or for the restoration of the Senior Lien Bond Reserve Account or Junior Lien Bond Reserve Account as provided for in the Ordinances, are to be replaced from Revenues first received thereafter in the Revenue Fund which are not required for O&M Expenses, current debt service requirements, or to restore the Senior Lien Bond Reserve Account of the Junior Lien Bond Reserve Account. In addition, when required by a swap agreement, a reserve requirement as established by that agreement is held in the Operation and Maintenance Reserve Fund.
- **Renewal and Replacement Fund.** Funded to an amount of $2.5 million through quarterly installments of $125,000, the Renewal and Replacement Fund is intended for paying (1) costs of completing or replacing capital improvements at the Airport, and (2) making repairs, replacements, or renovations at the Airport. Moneys in the Renewal and Replacement Fund can also be used to restore the Senior Lien Bond Reserve Account or Junior Lien Bond Reserve Account to the extent that moneys

in the Revenue Fund and Operation and Maintenance Reserve Fund are insufficient to do so. Transfers from the Renewal and Replacement Fund are replaced in quarterly installments of $125,000 from any moneys in the Revenue Fund not required by the Ordinances to be used for the Operation and Maintenance Fund, the Bond Fund, the Senior Lien Bond Reserve Account, the Junior Lien Bond Fund, the Junior Lien Bond Reserve Account, or the Operation and Maintenance Reserve Fund.

- **Airport Discretionary Fund.** After satisfying other requirements of the Ordinances, a quarterly transfer of $87,500 is made from the Revenue Fund to the Airport Discretionary Fund. In the event of a deficiency in any quarterly transfer, the amount of such deficiency is added to the deposit required to be made by the Authority in the next quarterly transfer. At the discretion of the CEO, and subject to applicable agreements, balances in the Airport Discretionary Fund can be applied to the payment of any cost or expense of the Authority incurred for any lawful purpose at the Airport or Willow Run Airport.
- **Airport Development Fund.** On the last day of each quarter of each OY, in addition to and after satisfying other requirements of the Ordinances, one quarter of an amount calculated in accordance with applicable agreements and included in budgeted rates and charges (budgeted at approximately $7.7 million in OY 2012 and annually adjusted based on percentage increases in the Producer Price Index) is transferred from the Revenue Fund to the Airport Development Fund. At the written discretion of the CEO, balances in the Airport Development Fund can be applied to the payment of any capital cost or expense of the Authority incurred for any lawful airport system related purposes. Deficiencies in any quarterly transfer are added to the deposit required to be made in the next quarterly transfer.

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2. The Airport

2.1 Summary of Findings

The Airport, located 20 miles southwest of downtown Detroit, is the primary airport serving Southeast Michigan, but also attracts passengers from the broader area of Michigan, northern Ohio, and northwestern Indiana as a result of the significant level of air carrier service offered. In addition to serving the local demand for air travel in the Air Trade Area and beyond, the Airport is a hub in the Delta system operating as its second busiest connecting hub and a primary international gateway. Other key considerations with respect to the Airport and its role in Delta's system include the following:

- Based on final Airports Council International (ACI) traffic data for North American traffic, in CY 2011 the Airport ranked 17th nationwide in total passengers, enplaning and deplaning approximately 32.4 million passengers. In CY 2011, the Airport ranked 11th nationwide in total aircraft operations, with 443,028 takeoffs and landings. According to FAA preliminary statistics for CY 2011, the Airport ranked 17th in the U.S. in enplaned passengers, with approximately 15.7 million enplaned passengers.
- Based on available information from OAG Aviation Solutions, the airlines serving the Airport are scheduled to average approximately 670 daily domestic and international departures from the Airport during the month of July 2012, with nonstop service to 115 domestic destinations. For the 12-month period ending July 2012, the Airport offered nonstop service to 29 international destinations, including some markets on a seasonal basis.
- While there are several other commercial service airports in and around the geographic area served by the Airport, none offer the breadth and frequency of scheduled air carrier service offered at the Airport. In CY 2011, scheduled departing seat capacity at the Airport totaled approximately 20.2 million seats to domestic and international destinations. The next largest airport in and around the area served by the Airport in terms of scheduled departing seats, Bishop International Airport in Flint, located approximately 75 miles from the Airport, had fewer than 600,000 scheduled departing seats in the same period. As the scheduled departing seat data indicates, the Airport has a dominant position for providing air travel in its geographical area.
- The Airport plays and important role in Delta's system:
  - In CY 2011, when measured based on activity by Delta and Delta Connection Carriers, the Airport was Delta's second busiest airport in terms of total enplaned passengers, scheduled departing seats, and scheduled departures behind Hartsfield-Jackson Atlanta International Airport, the

busiest airport in the world and home to Delta's headquarters. The Airport was the third busiest hub in Delta's system in terms of international passengers enplaned by Delta and Delta Connection Carriers in CY 2011, behind Hartsfield-Jackson Atlanta International Airport and John F. Kennedy International Airport.

- Delta uses the Airport as a primary international gateway for Asian operations, currently serving six Asian destinations with daily non-stop service from the Airport.[1] For CY 2012, based on actual and scheduled departure data, the Airport has more Delta departures to Asian destinations than any other airport in the Delta route network, including each of its other major hubs.

- In the Trans-Atlantic market, Delta provides nonstop service from the Airport to SkyTeam hubs in Amsterdam, Paris, and Rome. As a result, these markets not only feed traffic from beyond Detroit but also feed traffic from SkyTeam members' flights beyond their respective hubs in Europe. Delta also serves London–Heathrow (the number one European market for the Airport's O&D passengers) and Frankfurt from the Airport.

- The Airport has fared well in relation to other Delta hubs since the Delta/Northwest Airlines merger was completed. When comparing the first six months of CY 2012 (post-merger) to the first six months of CY 2008 (pre-merger), the Airport has experienced capacity reductions generally in-line with Delta's system-wide capacity cutbacks. In contrast, Memphis International Airport (MEM) has experienced a 39 percent decrease in scheduled departing seats for the periods referenced and Cincinnati-Northern Kentucky International Airport (CVG) has experienced a 65 percent decrease in scheduled departing seats for the same periods. In June 2012, Delta announced additional capacity reductions to be implemented at both MEM and CVG in the second-half of 2012 that will further reduce frequencies and/or eliminate service to certain destinations from each airport.

• Airfield facilities at the Airport include six air carrier runways, three of which are longer than 10,000 feet and all of which are longer than 8,500 feet. These runway facilities, their orientation, supporting taxiway systems, and associated navigational aids allow the Airport to efficiently accommodate aircraft operations in a range of weather conditions.

• The Airport features two of the most modern and efficient passenger terminals in the U.S.: the McNamara Terminal, accommodating Delta and its SkyTeam partners, which opened in February 2002 and the North Terminal, accommodating non-hubbing carriers, which opened in September 2008. These facilities provide sufficient airfield and passenger terminal capacity to accommodate projected aviation activity at the Airport through the Projection Period of this Report and beyond.

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1 As of July 2012, Delta provides nonstop service to the Asian cities of Beijing, Hong Kong, Nagoya, Seoul, and Tokyo (Haneda and Narita airports). On August 29, 2012, Delta will discontinue nonstop service to Hong Kong and re-route its Hong Kong passengers through its Tokyo (Narita) hub.

2.2 Detroit Metropolitan Wayne County Airport

The Airport occupies approximately 6,700 acres of land within Wayne County, Michigan and the City of Romulus, which is approximately 20 miles southwest of downtown Detroit. Access to the Airport from the City of Detroit is primarily from Interstate 94, which generally borders the Airport to the north. Interstate 275 is west of the Airport and generally provides Airport access for communities to the south and north of the Airport. A description of the Airport's major existing facilities is provided in this section.

In addition to the Airport, the Authority also operates Willow Run Airport, a general aviation reliever and cargo airport (together, the Airports). The Authority was created on March 26, 2002, pursuant to an amendment to the Michigan Aeronautics Code. On August 9, 2002, the Authority assumed operational jurisdiction of the Airports from the Charter County of Wayne, Michigan, when the Authority received operating certificates for the Airports from the Federal Aviation Administration (FAA).

2.3 The Role of the Airport

The Airport is the primary air carrier airport serving Southeast Michigan, including Detroit and the 10-county surrounding area. Furthermore, as a hub airport in Delta's route network, the Airport serves a key role as a domestic connection point and an international gateway and attracts passengers from beyond its primary catchment area due to the level of airline service offered at the Airport. The Airport is Delta's second busiest hub in terms of its total enplaned passengers, scheduled departing seats, and scheduled departures behind only Hartsfield-Jackson Atlanta International Airport (ATL), the busiest airport in the world and home to Delta's headquarters. In addition, reflecting the Airport's role as an Asian gateway, based on actual and scheduled departure data for CY 2012, the Airport has more Delta departures to Asian destinations than any other airport in the Delta route network, including each of its other major hubs.

2.3.1 NATIONAL PERSPECTIVE

Table 2-1 presents the Airport's U.S. ranking in annual passengers and aircraft operations for calendar year (CY) 2011.[2] In that year, the Airport ranked 17th nationwide in total passengers, enplaning and deplaning approximately 32.4 million passengers. In CY 2011, the Airport ranked 11th nationwide in total aircraft operations, with 443,028 takeoffs and landings. According to FAA preliminary statistics for CY 2011, the Airport ranked 17th in the U.S. in enplaned passengers, with approximately 15.7 million enplaned passengers.

2 Based on final Airports Council International traffic data for North American traffic

Table 2-1 U.S. Ranking of Activity

(Calendar Year 2011)

RANK	AIRPORT	TOTAL PASSENGERS	RANK	AIRPORT	TOTAL OPERATIONS
1	Atlanta (ATL)	92,389,023	1	Atlanta (ATL)	923,996
2	Chicago (ORD)	66,659,709	2	Chicago (ORD)	878,798
3	Los Angeles (LAX)	61,862,052	3	Los Angeles (LAX)	702,895
4	Dallas/Fort Worth (DFW)	57,744,554	4	Dallas/Fort Worth (DFW)	646,803
5	Denver (DEN)	52,849,132	5	Denver (DEN)	628,796
6	New York (JFK)	47,683,529	6	Charlotte (CLT)	539,842
7	San Fransisco (SFO)	40,810,141	7	Las Vegas (LAS)	531,538
8	Phoenix (PHX)	40,591,948	8	Houston (IAH)	517,262
9	Las Vegas (LAS)	40,560,285	9	Phoenix (PHX)	461,989
10	Houston (IAH)	40,128,953	10	Philadelphia (PHL)	448,129
11	Charlotte (CLT)	39,043,708	**11**	**Detroit (DTW)**	**443,028**
12	Miami (MIA)	38,314,389	12	Minneapolis (MSP)	436,506
13	Orlando (MCO)	35,426,006	13	New York (JFK)	411,226
14	Newark (EWR)	33,711,372	14	San Fransisco (SFO)	403,564
15	Minneapolis (MSP)	33,118,499	15	Newark (EWR)	399,141
16	Seattle (SEA)	32,467,007	16	Miami (MIA)	394,572
17	**Detroit (DTW)**	**32,406,159**	17	Boston (BOS)	368,987
18	Philadelphia (PHL)	30,839,175	18	New York (LGA)	366,597
19	Boston (BOS)	28,907,938	19	Salt Lake City (SLC)	358,002
20	New York (LGA)	24,122,478	20	Long Beach (LGB)	341,577

SOURCE: Airports Council International, *2011 North American Final Traffic Report,* June 2012.

PREPARED BY: Ricondo & Associates, Inc., June 2012.

Exhibit 2-1 presents a comparison of international and domestic enplanements at the Airport. As shown, domestic enplanements represented approximately 92 percent of total enplanements at the Airport in Operating Year (OY) 2011; the remaining eight percent of enplaned passengers were traveling to international destinations. For consistency purposes with Authority records, Canadian traffic at the Airport is categorized as domestic traffic in the graphs and tables accompanying this Report, which may differ from the manner in which Canadian traffic is reported at the other airports and Delta hubs referenced in this Report. The percentage of international enplanements at the Airport reflects its role as an international gateway and connection point in the Delta system and, to a certain degree, the demographic and economic characteristics of the Airport's Air Trade Area (as defined in Section 2.3.2).

Reflecting the Airport's role as a major hub airport, it serves both origin and destination (O&D) and connecting passengers. As shown in Exhibit 2-1, for CY 2011, approximately 45 percent of the Airport's total domestic enplanements were O&D passengers and the remaining 55 percent were connecting passengers. Delta, which completed its merger with Northwest Airlines at the end of 2009, is the primary hubbing carrier at the Airport and serves almost all of the connecting passengers at the Airport.

Exhibit 2-2 illustrates the OY 2011 enplanement market share for passenger air carriers operating at the Airport. As shown, Delta and the Delta Connection Carriers carried approximately 79.5 percent of total Airport enplanements in OY 2011. Spirit Airlines, Southwest Airlines, and US Airways were the only other carriers at the Airport to enplane over 3 percent of the Airport's market share during this period. Although Delta and the Delta Connection Carriers account for more than three-quarters of the passenger activity at the Airport, other air carriers operating at the Airport, including low cost carriers, foreign flag carriers, one charter carrier, and other legacy and regional carriers, also provide service to many of the Airport's top O&D markets.

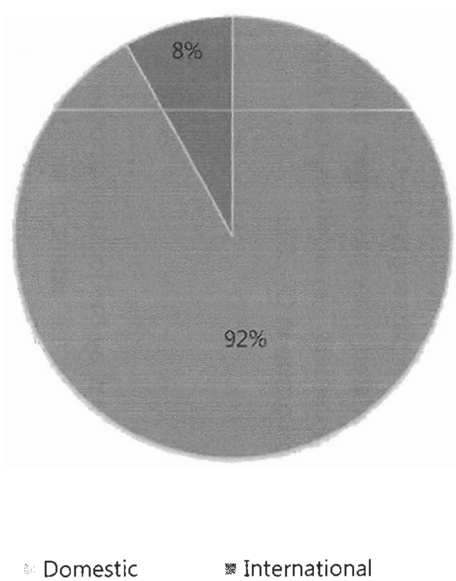
Table 2-2 provides a comparison of the Airport and other non-coastal U.S. airline hub airports primarily serving east/west traffic. As shown, the Airport accommodated approximately 32.4 million passengers, including approximately 2.6 million international passengers, in CY 2011. Of the fourteen airline hub airports included in the comparison, eight accommodated more passengers than the Airport in CY 2011; four of those eight airports had two or more hubbing carriers. In addition, the Airport accommodated the fifth most international passengers of the comparison group in CY 2011.

2.3.2 LOCAL PERSPECTIVE

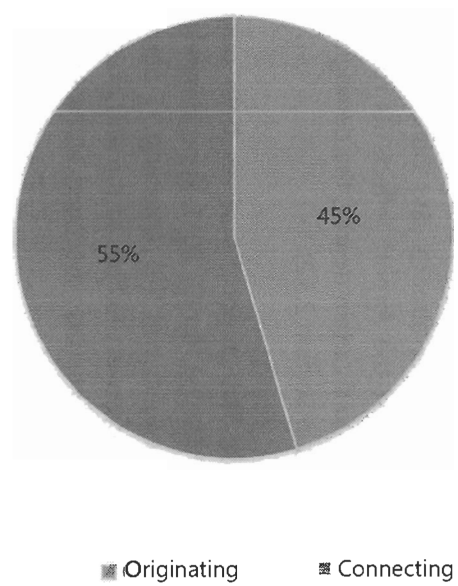
Air Trade Area

The borders of an air trade area are influenced by the location of other metropolitan and micropolitan areas and their associated airport facilities. However, the extent of air carrier service provided at the Airport is a primary factor in determining its air trade area (i.e., the geographical area served by the Airport). The number of non-stop domestic and international destinations served from the Airport, and the frequency with which those destinations are served, tends to attract passengers from a broad geographic region who may prefer to use the Airport instead of an airport located closer to their residence.

OY 2011 Enplanements 1/



CY 2011 Domestic Enplanements



NOTES

1/ For consistency purposes with Authority records, Canadian traffic is categorized as domestic.

SOURCE: Wayne County Airport Authority, May 2012.
PREPARED BY: Ricondo & Associates, Inc., May 2012.

Airport Enplanement Characteristics

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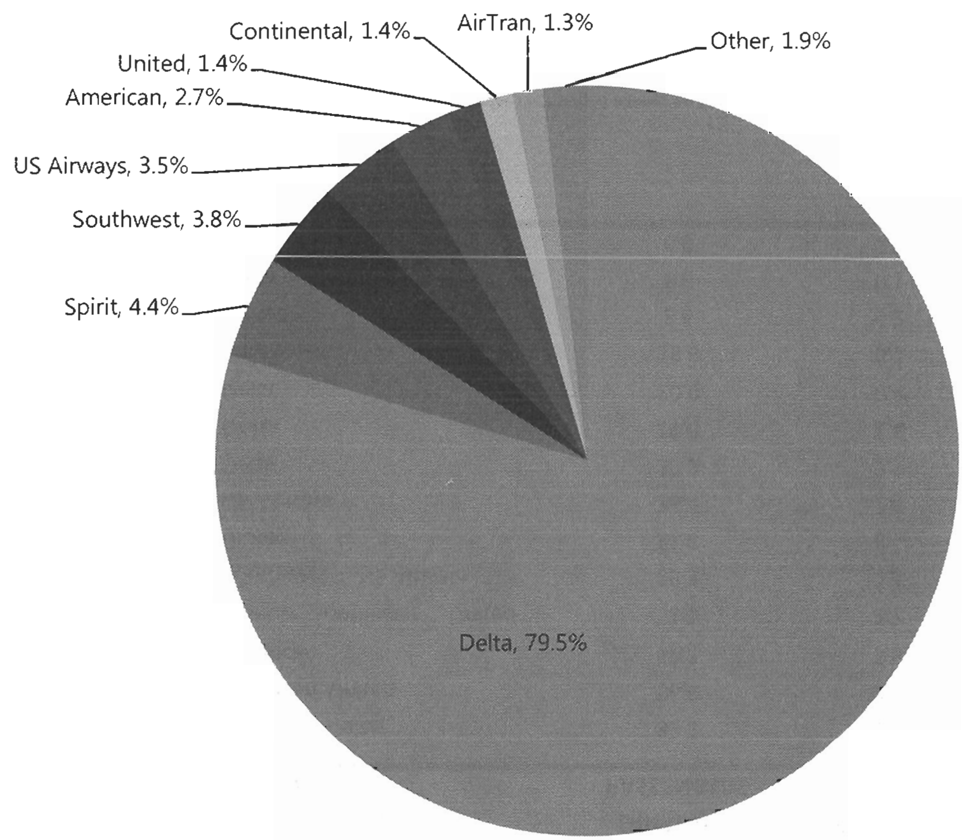

NOTES

1/ Includes regional affiliates as applicable. Airlines with less than one percent market share are grouped in the other category.

SOURCE: Wayne County Airport Authority, October 2010.
PREPARED BY: Ricondo & Associates, Inc., November 2010.

Enplanement Share by Airline
Operating Year 2011 1/

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Table 2-2 Comparison of U.S. East/West Airline Hub Airports

(CY 2011, Passengers in Millions)

AIRPORT	TOTAL PASSENGERS	HUBBING PASSENGER CARRIER(S) 1/	DOMESTIC PASSENGERS	INTERNATIONAL PASSENGERS	DOMESTIC SHARE	INTERNATIONAL SHARE
Atlanta (ATL)	92.4	AirTran 2/, Delta	82.5	9.9	89.3%	10.7%
Chicago - O'Hare (ORD)	66.8	American, United	56.8	10.0	85.0%	15.0%
Dallas - Fort Worth (DFW)	57.7	American	52.2	5.5	90.5%	9.5%
Denver (DIA) 3/	52.8	Frontier, Southwest 2/, United	51.1	1.7	96.8%	3.2%
Phoenix (PHX) 3/	40.6	Southwest 2/, US Airways	38.3	2.3	94.3%	5.7%
Houston - George Bush (IAH)	40.2	United	31.6	8.6	78.6%	21.4%
Charlotte (CLT)	39.0	US Airways	36.4	2.6	93.3%	6.7%
Minneapolis - St. Paul (MSP)	33.1	Delta	30.8	2.3	93.1%	6.9%
Detroit (DTW)	**32.4**	**Delta**	**29.8**	**2.6**	**92.0%**	**8.0%**
Salt Lake City (SLC)	20.4	Delta	20.0	0.4	97.9%	2.1%
Chicago - Midway (MDW)	18.9	Southwest 2/	18.6	0.2	98.7%	1.3%
Cleveland (CLE)	8.8	United	8.6	0.2	97.7%	2.3%
Memphis (MEM)	8.7	Delta	8.6	0.1	98.9%	1.1%
Cincinnati (CVG)	7.0	Delta	6.8	0.2	97.1%	2.9%

NOTES:

1/ Includes regional affiliate carriers, where applicable.

2/ Southwest and AirTran merged on May 1, 2011. The FAA issued a Single Operating Certificate for the merged airlines on March 1, 2012, naming both airlines on the certificate. It will take several years before both airlines are fully integrated.

3/ Southwest does not operate as a traditional hub-and-spoke airline; however, it is included in this comparison due to its high level of activity.

SOURCES: Wayne County Airport Authority; Individual airport websites, May 2012.

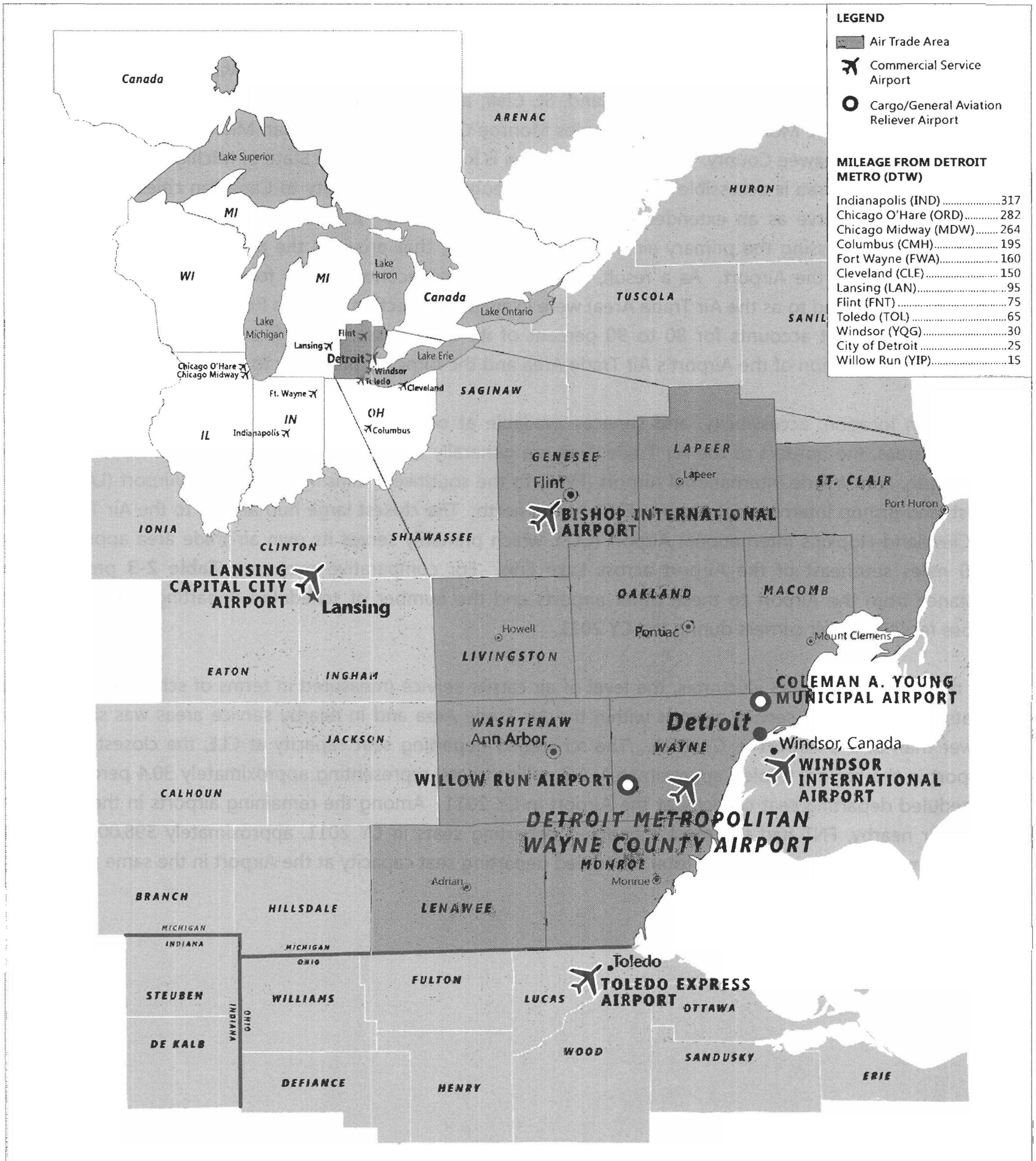
PREPARED BY: Ricondo & Associates, Inc., May 2012.

For purposes of these analyses, the ***primary air trade area*** for the Airport consists of the Ann Arbor Metropolitan Statistical Area (MSA) which includes Washtenaw County; the Detroit-Warren-Livonia MSA which includes Lapeer, Livingston, Macomb, Oakland, St. Clair, and Wayne Counties; the Flint MSA which includes Genesee County; the Monroe MSA that includes Monroe County; and the Adrian Micropolitan Statistical Area which includes Lenawee County.[3] This 10-county area is located within the State of Michigan (Michigan). The primary air trade area is accessible and within close geographical-proximity to Canadian cities (e.g., Windsor, Ontario), which serve as an extended ***secondary air trade area***. It is the economic strength of the ten counties encompassing the primary air trade area, however, that provides the principal base for supporting O&D air travel at the Airport. As a result, demographic and economic data for the primary air trade area (hereinafter referred to as the Air Trade Area) were examined in Section 4 of this Report. Typically, an air trade area for an airport accounts for 80 to 90 percent of its O&D passenger traffic. **Exhibit 2-3** presents the geographical location of the Airport's Air Trade Area and the Airport's proximity to alternative airports.

Based on location, accessibility, and services available at other commercial service airports within nearby service areas, the borders of the Air Trade Area are generally established by Toledo Express Airport (TOL) to the south, Fort Wayne International Airport (FWA) to the southwest, Lansing Capital City Airport (LAN) to the west, and Bishop International Airport (FNT) to the north. The closest large hub airport to the Air Trade Area is Cleveland-Hopkins International Airport (CLE), which primarily serves its own air trade area approximately 150 miles southeast of the Airport across Lake Erie. For comparative purposes, **Table 2-3** presents the distance from the Airport to these other airports and the number of scheduled departing seats offered at those facilities by air carriers during the CY 2011.

As the data in Table 2-3 illustrates, the level of air carrier service (measured in terms of scheduled departing seats) at commercial service airports within the Air Trade Area and in nearby service areas was significantly lower than at the Airport in CY 2011. The scheduled departing seat capacity at CLE, the closest large hub airport in the region, totaled approximately 6.2 million seats, representing approximately 30.4 percent of the scheduled departing seat capacity at the Airport in CY 2011. Among the remaining airports in the Air Trade Area or nearby, FNT had the most scheduled departing seats in CY 2011, approximately 598,000 seats, or approximately 3.0 percent of the total scheduled departing seat capacity at the Airport in the same period.

[3] In June 2003, the Office of Management and Budget revised its geographic Census definitions to include Metropolitan and Micropolitan Statistical Areas, collectively called Core Based Statistical Areas (CBSAs). The CBSA Metropolitan Areas have at least one central urbanized core area of 50,000 people and the CBSA Micropolitan Areas have at least one urbanized core area of at least 10,000 people, but fewer than 50,000.



SOURCE: Map Resources, 2007 (vector map graphics); Ricondo & Associates, Inc, May 2012.
PREPARED BY: Ricondo & Associates, Inc., May 2012.

Air Trade Area and Alternative Facilities

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Table 2-3 Other Commercial Service Airports

AIRPORT	DISTANCE FROM THE AIRPORT (MILES)	CY 2011 SCHEDULED DOMESTIC SEATS	CY 2011 SCHEDULED INTERNATIONAL	CY 2011 TOTAL SCHEDULED SEATS
Detroit (DTW) - All Carriers		18,275,070	1,963,257	20,238,327
Air Trade Area or Nearby Airports				
Windsor (YQG)	30	155,630	0	155,630
Toledo (TOL)	65	82,366	0	82,366
Flint (FNT)	75	597,663	0	597,663
Lansing (LAN)	95	436,562	15,228	451,790
Fort Wayne (FWA)	160	360,209	0	360,209
Nearest Large Hub Airport				
Cleveland (CLE)	150	5,996,603	172,708	6,169,311

SOURCE: Map Resources, 2012 (distance), and Official Airline Guide, May 2012 (scheduled departing seats).
PREPARED BY: Ricondo and Associates, Inc., May 2012.

Other nearby airport facilities in close proximity to the Airport include the Coleman A. Young International Airport (formerly Detroit City Airport), Willow Run Airport, and Windsor International Airport across the U.S. border in Ontario, Canada. Coleman A. Young International Airport is approximately eight miles northeast of downtown Detroit; however, it has not had commercial passenger airline service since 2000. Willow Run Airport, also operated by the Authority, is located seven miles west of the Airport and serves cargo, corporate, and general aviation clients. Windsor International Airport (YQG) is located approximately nine miles southeast of downtown Detroit. As of June 2012, airlines offer daily scheduled non-stop service from YQG to Toronto Pearson International Airport (up to 6 daily departures on Air Canada), Toronto City Center Airport (up to 3 daily departures on Porter Airlines) and Calgary International Airport (1 daily departure on WestJet). As shown in Table 2-3, CY 2011 scheduled departing seat capacity at YQG totaled approximately 155,600 departing seats.

Cleveland-Hopkins International Airport, a hub airport in the United Airlines system, processed approximately 9.2 million total passengers in CY 2011, far below the 32.4 million passengers for the Airport in the same period. In CY 2011, each of the other airports bordering the Air Trade Area accommodated fewer than 500,000 total enplanements and ranked outside of the top 115 domestic airports based on that metric. Although these other airports may compete to some degree to serve the Air Trade Area's passenger needs, from a regional perspective they operate in a complementary role to the Airport.

Having enplaned approximately 6.8 million domestic O&D passengers in CY 2011 (the most recent estimate available) and approximately 1.3 million international passengers in OY 2011, the Airport serves the diverse travel needs of its Air Trade Area including activity associated with business, leisure, and international travelers. Furthermore, some of those travelers utilizing other airports that border the Air Trade Area connect through the Airport to access Delta's route system and reach their ultimate destination. Based on factors such as its role as the second largest hub[4] in Delta's route network, the breadth and frequency of air carrier service provided at the Airport, its total passenger and enplanement levels, and the demographic and economic characteristics of its local market, the Airport is considered the primary air carrier airport in the Air Trade Area and one of several major airline connecting hubs in the Midwest region. As the scheduled departing seat data indicates, the Airport has a dominant position for providing air travel in its geographical area.

Non-Stop Service

Based on available information from OAG Aviation Solutions, the airlines serving the Airport are scheduled to average approximately 670 daily domestic and international departures from the Airport during the month of July 2012, with nonstop service to 115 domestic destinations. For the 12-month period ending July 2012, the Airport offered nonstop service to 29 international destinations, including some markets on a seasonal basis. The Airport's nonstop domestic and international destinations are depicted in **Exhibit 2-4** and **Exhibit 2-5**, respectively. In addition to the nonstop domestic destinations shown in Exhibit 2-4, other domestic destinations are served with nonstop service on a seasonal basis.

2.3.3 ROLE WITHIN DELTA AIR LINES' SYSTEM

As discussed earlier, Delta and the Delta Connection Carriers accounted for 79.5 percent of the Airport's total enplanements in OY 2011. This section provides a general overview of how Delta utilizes the Airport in its system network and provides comparisons of the Airport to Delta's other domestic airport hubs.

Delta acquired Northwest as a wholly-owned subsidiary in October 2008, and on December 31, 2009, Northwest was merged into Delta and the merged entity received a single operating certificate from the FAA. Prior to the acquisition and merger, Northwest operated three U.S. hubs: the Airport, Minneapolis-St. Paul International Airport (MSP), and Memphis International Airport (MEM). The Airport and MSP served as its primary domestic hubs, offering a wide breadth of service from both airports to major domestic destinations. Primarily driven by geography, smaller secondary markets in the eastern and southern U.S. were generally served from the Airport. Similar sized markets in the western and southwestern U.S. were generally served by Northwest from its MSP hub. MEM, Northwest's other domestic hub, provided geographic balance to the system network and was used primarily to serve smaller southern markets. Northwest's domestic route network was somewhat unique in its use of the Airport and MSP, as they are similar size domestic hubs within close proximity of one another in the upper Midwestern U.S. Northwest referred to this as its "Heartland Strategy."

4 In terms of enplaned passengers, scheduled departing seats, and scheduled departures.

SOURCE: Official Airline Guide (OAG), July 26, 2012.
PREPARED BY: Ricondo & Associates, Inc., May 2012.

[redacted]

Scheduled Nonstop Domestic Destinations

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SOURCE: Official Airline Guide (OAG), July 2011 - June 2012.
PREPARED BY: Ricondo & Associates, Inc., May 2012.

[redacted]

Scheduled Nonstop International Destinations

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Delta has retained all of its pre-merger hubs and Northwest's pre-merger hubs, although some have seen significant reductions in terms of total activity[5]; therefore, Delta's current system network consists of the following domestic hub airports: the Airport (DTW), Cincinnati/Northern Kentucky International Airport (CVG), Hartsfield-Jackson Atlanta International Airport (ATL), John F. Kennedy International Airport (JFK), MSP, MEM, and Salt Lake City International Airport (SLC). **Table 2-4** lists the top 15 domestic airports within Delta's route network for CY 2011.

Overall, when measured based on activity by Delta and Delta Connection Carriers, the Airport was Delta's second busiest airport in terms of total enplaned passengers, scheduled departing seats, and scheduled departures behind ATL in CY 2011. The Airport was the third busiest hub in Delta's system in terms of international passengers enplaned by Delta and Delta Connection Carriers in CY 2011, behind ATL and JFK. For CY 2012, based on actual and scheduled departure data, the Airport has more Delta departures to Asian destinations than any other airport in the Delta route network, including each of its other major hubs.

A comparison of Official Airline Guide data for Delta hubs before and after the merger helps provide perspective on how the Delta/Northwest merger has impacted activity level at the hubs and/or changed the roles of these hubs within Delta's current system. Total scheduled departing seat data for the Delta/Northwest system and for the current Delta hubs for a representative pre-merger period (Delta and Northwest for first half of CY 2008) and for the current period (Delta for the first half of CY 2012) is presented in **Table 2-5**. Data presented in Table 2-5 can be summarized as follows:

- On a system-wide basis, Delta's total scheduled departing seats were approximately 11.3 percent lower in the current period than for the combined totals of Delta and Northwest during the pre-merger period.
- ATL (+7.9 percent) and JFK (+0.4 percent) were the only Delta hubs to experience an increase in scheduled departing seats when compared to the pre-merger period.
- The Airport (-13.8 percent), SLC (-13.6 percent) and MSP (-16.6 percent) experienced decreases in scheduled departing seats that were comparable to, though slightly greater than, system-wide decreases.
- For the period referenced, both MEM (-39.4 percent) and CVG (-65.0 percent) experienced significant decreases in scheduled departing seats, representative of changes in the manner in which Delta is currently utilizing those hubs within its system. In June 2012, Delta announced additional service reductions to be implemented at both MEM and CVG in the second-half of 2012 that will further reduce frequencies and/or eliminate service to certain destinations from both airports.

5 As shown in Table 2-5 and Table 2-6, MEM and CVG have experienced reductions in scheduled departing seats and scheduled departures ranging from approximately 39 to 40 percent for MEM, respectively, and approximately 65 to 70 percent for CVG, respectively.

Table 2-4 2011 Ranking of Delta Activity at U.S. Domestic Airports within Delta's Route Network 1/

		DELTA								
AIRPORT	TOTAL AIRPORT ENPLANED PASSENGERS	ENPLANED PASSENGERS	PASSENGER RANK	INTERNATIONAL PASSENGERS	INTERNATIONAL PASSENGER RANK	SCHEDULED DEPARTING SEATS	SEAT RANK	SCHEDULED DEPARTURES	DEPARTURE RANK
Atlanta (ATL)	46,332,795	36,018,133	1	4,004,832	1	42,362,222	1	344,358	1
Detroit (DTW)	**16,202,673**	**12,885,050**	**2**	**1,113,296**	**3**	**16,016,476**	**2**	**179,522**	**2**
Minneapolis - St. Paul (MSP)	16,541,281	11,572,932	3	1,002,678	4	15,540,549	3	159,548	3
Salt Lake City (SLC)	10,403,063	7,751,091	4	206,864	8	8,709,723	4	97,424	4
New York (JFK)	23,841,765	5,713,031	5	2,093,791	2	7,553,645	5	61,450	6
Los Angeles (LAX)	30,923,005	4,676,736	6	393,450	6	4,747,286	8	32,820	9
Memphis (MEM)	4,345,028	3,731,299	7	53,966	11	4,836,098	7	66,172	5
New York (LGA)	12,061,239	3,575,361	8	2,207	13	5,493,204	6	52,344	7
Cincinnati (CVG)	3,987,938	3,369,894	9	182,721	10	3,740,907	9	47,716	8
Orlando (MCO)	17,708,006	2,735,512	10	2,526	12	3,269,075	10	20,813	12
Las Vegas (LAS)	20,754,703	2,226,097	11	-	-	2,439,382	13	15,927	13
Washington (DCA)	9,372,361	2,035,965	12	-	-	3,050,409	12	31,960	10
Seattle (SEA)	16,397,488	1,891,782	13	299,433	7	2,086,066	14	11,179	15
San Francisco (SFO)	20,388,717	1,690,064	14	203,838	9	1,920,766	15	13,231	14
Boston (BOS)	14,440,464	1,669,276	15	512,244	5	3,111,177	11	26,861	11

NOTE:

1/ Inclusive of Delta Air Lines, Delta Connections, Northwest Airlines, and Northwest Airlink domestic and international activity.

SOURCE: Various airport websites and T100 (for other airports), and Official Airline Guide, accessed May 2012.

PREPARED BY: Ricondo & Associates, Inc., June 2012

Table 2-5 Delta/Northwest Scheduled Departing Seats - Pre-Merger and Current

	PRE-MERGER (H1 2008)	CURRENT (H1 2012)	CHANGE 1/
Total Delta/Northwest System Scheduled Departing Seats			
Domestic	96,777,049	85,651,772	-11.5%
International	7,337,281	6,722,711	-8.4%
Total	104,114,330	92,374,483	-11.3%
Delta/Northwest Total Scheduled Departing Seats at Delta Hubs			
Atlanta (ATL)	19,764,958	21,326,860	7.9%
Detroit (DTW)	**8,818,078**	**7,601,595**	**-13.8%**
Minneapolis - St. Paul (MSP)	8,821,657	7,358,700	-16.6%
Salt Lake City (SLC)	4,751,790	4,103,236	-13.6%
New York (JFK)	3,494,086	3,509,460	0.4%
Memphis (MEM)	3,149,533	1,909,185	-39.4%
Cincinnati (CVG)	4,362,857	1,528,532	-65.0%
Total at Delta Hubs	53,162,959	47,337,568	-11.0%
Share of Total Delta/Northwest Scheduled Departing Seats at Delta Hubs			
Atlanta (ATL)	37.2%	45.1%	7.9%
Detroit (DTW)	**16.6%**	**16.1%**	**-0.5%**
Minneapolis - St. Paul (MSP)	16.6%	15.5%	-1.0%
Salt Lake City (SLC)	8.9%	8.7%	-0.3%
New York (JFK)	6.6%	7.4%	0.8%
Memphis (MEM)	5.9%	4.0%	-1.9%
Cincinnati (CVG)	8.2%	3.2%	-5.0%
Total at Delta Hubs	100.0%	100.0%	0.0%

NOTE:

1/ Percentage change in seats, change in share percentage.

SOURCE: Official Airline Guide, May 2012.

PREPARED BY: Ricondo & Associates, Inc., May 2012.

- In the most recent period, the Airport ranked second among the Delta hubs (behind ATL) in terms of total scheduled departing seats, approximately 7.6 million seats, and share of total departing seats, approximately 16.1 percent. Whereas activity levels at the Airport and at MSP were roughly equal in the pre-Northwest merger period (each with 8.8 million scheduled departing seats representing a 16.6 percent share), the Delta capacity reductions experienced at MSP since the merger have been greater than those experienced at the Airport.

Exhibit 2-6 graphically depicts the changes to scheduled daily departing seat shares at Delta hub airports that have occurred since the merger. Scheduled daily departing seat share data is presented for domestic, international, and total operations.

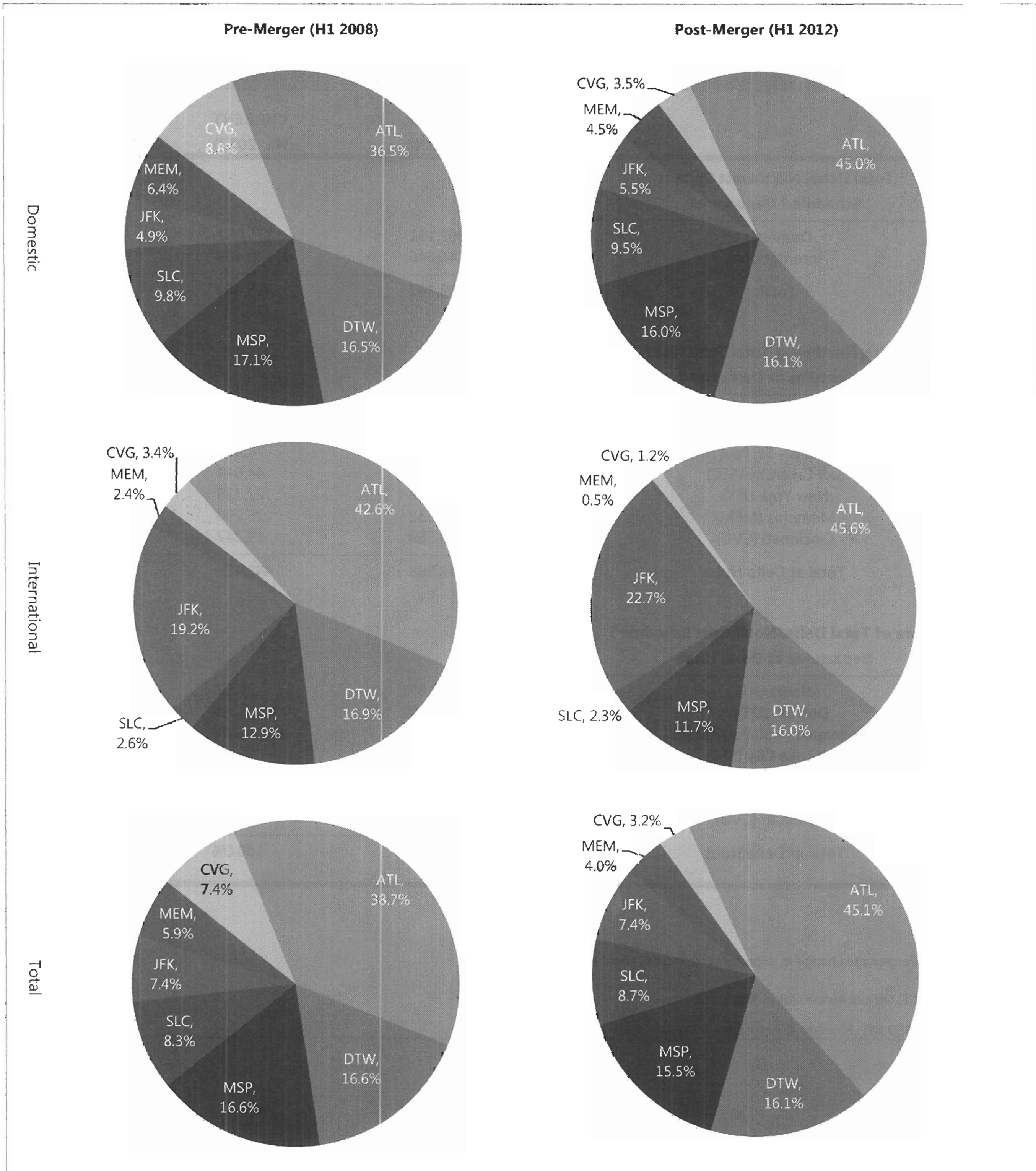
Table 2-6 presents scheduled aircraft departure data for Delta hubs for the same pre-merger and current periods. As shown, on a system-wide basis, Delta's scheduled departures in the current period were approximately 17.4 percent lower than the combined totals for Delta and Northwest in the pre-merger period. Other key data presented in Table 2-6 can be summarized as follows:

- ATL is the only pre-merger Delta hub at which Delta has kept scheduled departures relatively stable since the merger.
- The reduction in scheduled departures at the Airport (-7.0 percent) is significantly lower than the reductions experienced at certain other pre-merger Delta hubs, where scheduled departures have decreased by between -10.6 percent (JFK) to -69.7 percent (CVG).
- Since the merger, the increase in the Airport's share of total scheduled Delta departures (share increased from 16.8 percent to 18.9 percent) was second only to the increase experienced by ATL.

Exhibit 2-7 presents a graphical depiction of this scheduled aircraft departure data for Delta's current hubs.

To gain a better understanding of Delta's current operations at the Airport, and its future plans for the Airport, and to substantiate the assumptions underlying the forecast of short and long-term air service provided by Delta at the Airport, R&A conducted a telephone interview with Delta.[6] Delta representatives participating on the call indicated that the Airport is Delta's second busiest connecting hub in terms of CY 2011 and mid-year CY 2012 seats and departures and it serves as an excellent connecting point for its international operations, including Asia, Europe, and Latin America. Because of the Airport's large O&D base and ideal geographical location, Delta is able to move passengers from the U.S. Midwest to anywhere in the world as well as move passengers travelling from the U.S. east coast to the U.S. west coast or vice versa.

6 Telephone interview conducted on June 6, 2012.



SOURCE: Official Airline Guide, May 2012.
PREPARED BY: Ricondo & Associates, Inc., May 2012.

EXHIBIT 2-6

Delta/Northwest Hub Scheduled
Daily Departing Seats by Airport Share

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Table 2-6 Delta/Northwest Scheduled Departures - Pre-Merger and Current

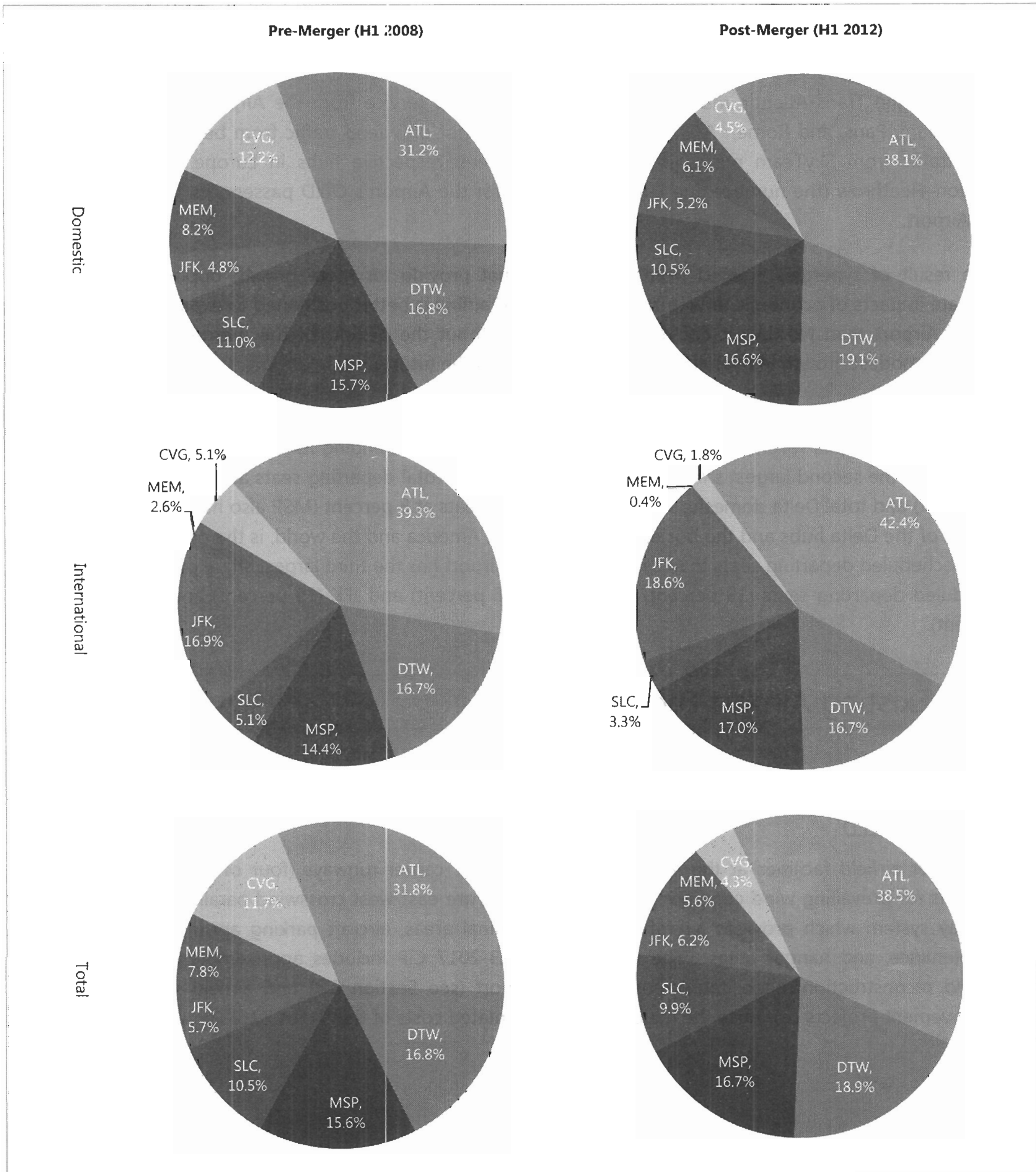
	PRE-MERGER (H1 2008)	CURRENT (H1 2012)	CHANGE 1/
Total Delta/Northwest System Scheduled Departures			
Domestic	1,062,151	875,051	-17.6%
International	46,646	40,409	-13.4%
Total	1,108,797	915,460	-17.4%
Delta/Northwest Total Scheduled Departures at Delta Hubs			
Atlanta (ATL)	172,878	172,817	0.0%
Detroit (DTW)	**91,256**	**84,825**	**-7.0%**
Minneapolis - St. Paul (MSP)	84,594	74,864	-11.5%
Salt Lake City (SLC)	57,141	44,644	-21.9%
New York (JFK)	31,028	27,739	-10.6%
Memphis (MEM)	42,532	25,290	-40.5%
Cincinnati (CVG)	63,569	19,247	-69.7%
Total at Delta Hubs	542,998	449,426	-17.2%
Share of Total Delta/Northwest Scheduled Departures at Delta Hubs			
Atlanta (ATL)	31.8%	38.5%	6.6%
Detroit (DTW)	**16.8%**	**18.9%**	**2.1%**
Minneapolis - St. Paul (MSP)	15.6%	16.7%	1.1%
Salt Lake City (SLC)	10.5%	9.9%	-0.6%
New York (JFK)	5.7%	6.2%	0.5%
Memphis (MEM)	7.8%	5.6%	-2.2%
Cincinnati (CVG)	11.7%	4.3%	-7.4%
Total at Delta Hubs	100.0%	100.0%	0.0%

NOTE:

1/ Percentage change in departures, change in share percentage.

SOURCE: Official Airline Guide, May 2012.

PREPARED BY: Ricondo & Associates, Inc., May 2012.



SOURCE: Official Airline Guide, May 2012.
PREPARED BY: Ricondo & Associates, Inc., May 2012.

EXHIBIT 2-7

Delta/Northwest Hub Scheduled
Daily Departures by Airport Share

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Since the merger, Delta expanded its international service at the Airport with considerable additional international destinations such as Sao Paulo, Brazil, Seoul (Incheon), South Korea, Hong Kong[7], and Shanghai, China. In the Trans-Atlantic market, Delta provides nonstop service from the Airport to SkyTeam hubs in Amsterdam, Paris, and Rome. As a result, these markets not only feed traffic from beyond Detroit but also feed traffic from SkyTeam members' flights beyond their respective hubs in Europe. Delta also serves London–Heathrow (the number one European market for the Airport's O&D passengers) and Frankfurt from the Airport.

As a result of synergies created from the merger that provide for more growth opportunities and help mitigate impacts of economic downturns, the combined airline is better positioned to expand more effectively at the Airport than Northwest could have achieved without the benefit of the merger. Delta expects to continue modest growth in overall service at the Airport in the future.

Exhibit 2-8 provides a comparison of total, domestic, and international scheduled departing seats for the Delta system and the seven domestic hubs for the 12-month period ending June 30, 2012. For this period, the Airport has the second largest share of total Delta scheduled total departing seats at 8 percent (MSP also has 8 percent) and total Delta domestic scheduled departing seats at 8 percent (MSP also has 8 percent). ATL, the largest of the Delta hubs and the busiest airport in North America and the world, is the only airport with more Delta scheduled departing seats than the Airport. The Airport has the third largest share of Delta international scheduled departing seats (13 percent) behind ATL (36 percent) and JFK (19 percent) and ahead of MSP (9 percent).

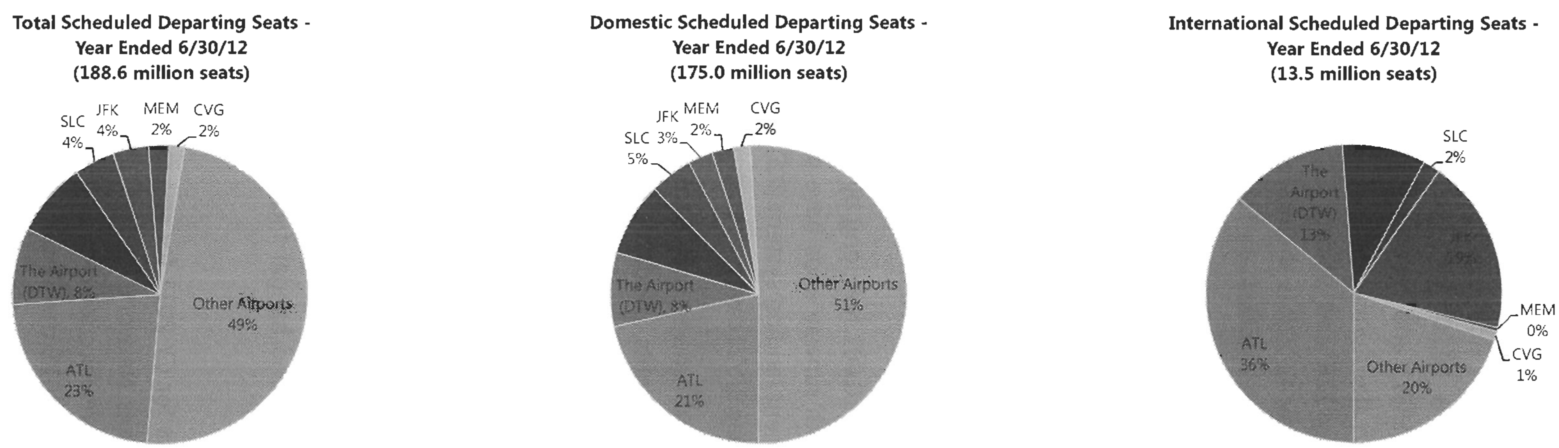
2.4 Existing Airport Facilities

A description of the Airport's major existing facilities is provided in this section.

2.4.1 AIRFIELD

The major airfield facilities at the Airport consist of six air carrier runways (four of which are north/south parallels for prevailing wind conditions and two of which are east/west crosswind parallels) and an extensive taxiway system which provides aircraft access to terminal areas, aircraft parking aprons, and other cargo, maintenance, and hangar areas. The Authority's 2013-2017 CIP includes approximately $376.1 million in airfield reconstruction/rehabilitation costs at the Airport (see Section 3.3) and airfield reconstruction and improvement projects comprise the majority of the estimated costs of the Series 2012 Projects.

[7] As of July 2012, Delta provides nonstop service to the Asian cities of Beijing, Hong Kong, Nagoya, Seoul, and Tokyo (Haneda and Narita airports). On August 29, 2012, Delta will discontinue nonstop service to Hong Kong and re-route its Hong Kong passengers through its Tokyo (Narita) hub.



SOURCE: Wayne County Airport Authority, May 2012.
PREPARED BY: Ricondo & Associates, Inc., May 2012.

Delta Air Lines Scheduled Departing Seats at its Domestic Hub Airports

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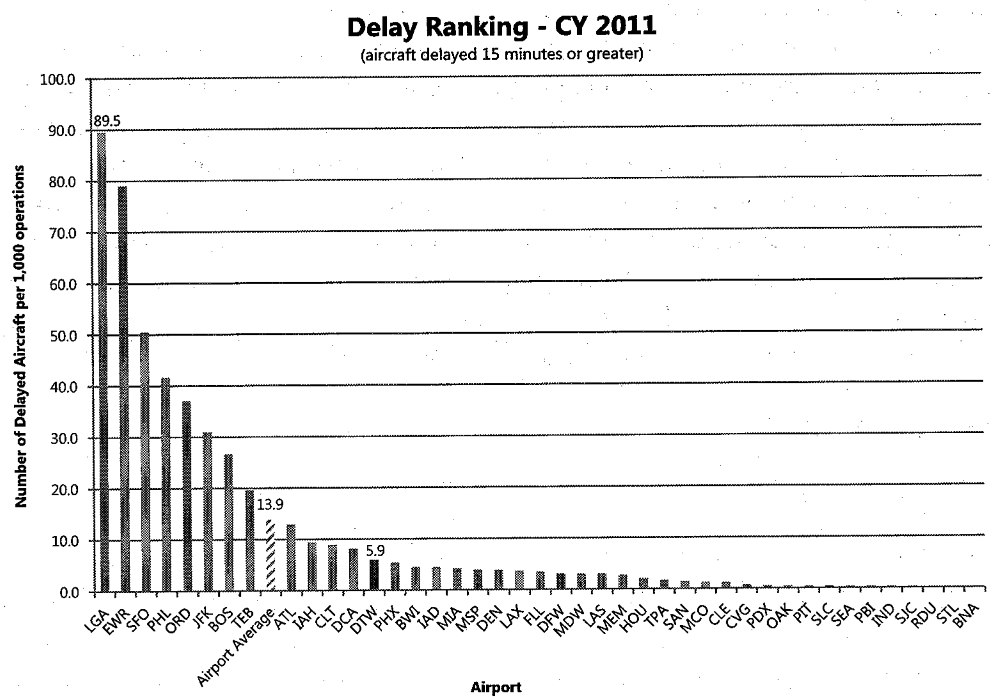
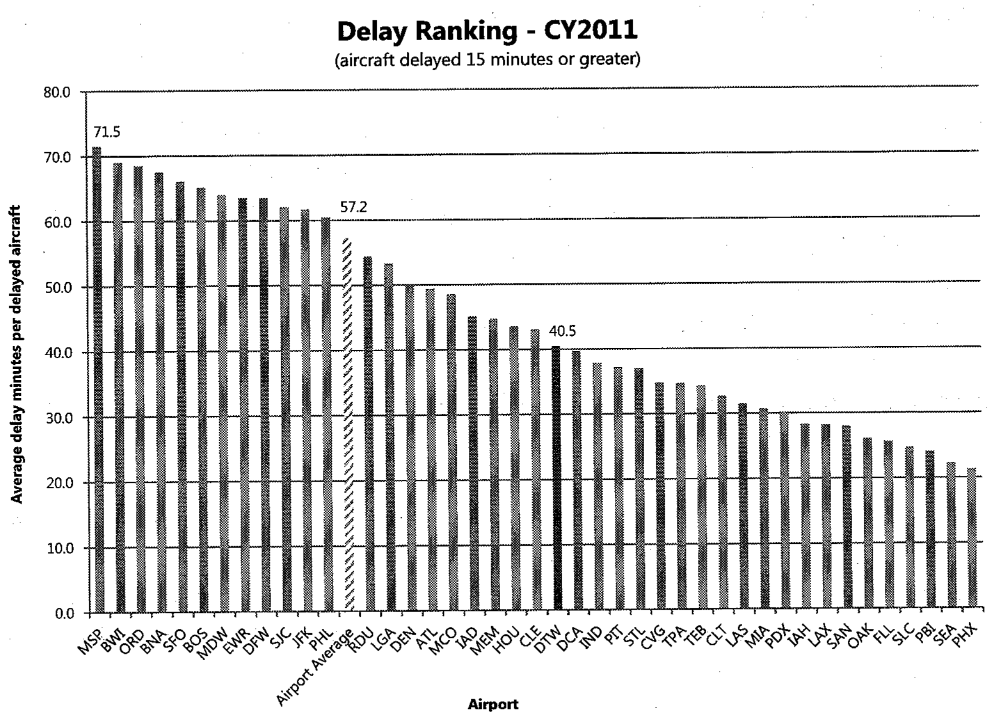
Primary characteristics of each runway are as follows:

- **Runway 4L/22R.** This runway is 10,000 feet long by 150 feet wide and is equipped with high intensity runway edge lights (HIRL) and in-pavement centerline lights. Both runway ends have precision runway markings with the Runway 4L end having Category III instrument landing system (ILS) capability and the Runway 22R end having ILS capability with a medium intensity approach lighting system (MALSR). Runway 4L/22R is the newest runway at the Airport, opening in December 2001, just prior to the opening of the McNamara Terminal.
- **Runway 4R/22L.** This runway is 12,003 feet long by 200 feet wide and is equipped with HIRL and in-pavement centerline lights. Both runway ends have precision runway markings with the Runway 4R end having Category III instrument landing system (ILS) capability and the Runway 22L end having ILS capability with a MALSR. The ongoing reconstruction of Runway 4R/22L is a primary component of the Series 2012 Projects.
- **Runway 3L/21R.** This runway is 8,501 feet long by 200 feet wide and is equipped with HIRL and in-pavement centerline lights. Both runway ends have non-precision runway markings. The south portion of Runway 3L/21R was rehabilitated in OY 2009.
- **Runway 3R/21L.** This runway is 10,001 feet long by 150 feet wide and is equipped with HIRL and in-pavement centerline lights. Both runway ends have precision runway markings with the Runway 3R end having Category III instrument landing system (ILS) capability and the Runway 21L end having ILS capability with a MALSR. Runway 3R/21L was reconstructed in OY 2006 and 2007.
- **Runway 9L/27R.** This crosswind runway is 8,708 feet long by 200 feet wide and is equipped with HIRL and in-pavement centerline lights. Both runway ends have precision runway markings with the Runway 27R end having ILS capability with a MALSR. The majority of Runway 9L/27R was reconstructed in OY 2009 and reconstruction of the remaining portions is a component of the Series 2012 Projects and is planned for OY 2012 to OY 2013.
- **Runway 9R/27L.** This crosswind runway is 8,500 feet long by 150 feet wide and is equipped with HIRL and in-pavement centerline lights. Both runway ends have precision runway markings with the Runway 27L end having ILS capability with a MALSR.

The Airport has an extensive taxiway system providing safe and efficient access to and from runway ends, terminal facilities, apron areas, and cargo and hangar facilities. Each runway has an associated parallel, full length taxiway.

Exhibit 2-9 presents aircraft delay data for CY 2011 for several east/west airline hub airports and other peer airports taken from the FAA's Operations Network (OPSNET) data source. As shown, the Airport compares favorably and generally experiences fewer aircraft delays, and delays of shorter duration, than most of the other airports shown. As shown, in CY 2011 the Airport experienced approximately 5.9 aircraft delays per 1,000 aircraft operations and average daily minutes of 40.5 per delayed aircraft (the average for all airports shown was 18.0 aircraft delays per 1,000 aircraft operations and 57.8 average delay minutes).





SOURCE: FAA Operations Network (OPSNET), accessed May 23, 2012.
PREPARED BY: Ricondo & Associates, Inc., May 2012.

[redacted]

Aircraft Delay (CY2011)

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While the number and duration of aircraft delays at an airport is dependent on a variety of factors, airports that experience more frequent and longer delays are typically those that have capacity constraints that limit their ability to efficiently accommodate aircraft operations, especially during times of adverse weather conditions or limited visibility. Conversely, less frequent and/or relatively shorter aircraft delays at an airport are typically indicators that airfield capacity is ample to efficiently accommodate aircraft operations even when weather or visibility conditions dictate more restrictive operating procedures in or around the airport environs. The CY 2011 delay statistics presented in Exhibit 2-9 for the Airport are an indicator of how efficiently the airfield operates given current activity levels and, based on reasonable expectations with respect to operational growth at the Airport into the future, the likelihood that it has sufficient capacity to accommodate future activity levels without significantly increasing the frequency and duration of aircraft delays.

2.4.2 TERMINAL FACILITIES

The Airport currently has 147 aircraft gates within its two passenger terminal facilities: the North Terminal and the Edward H. McNamara Terminal (also referred to as the McNamara Terminal or, for the purposes of Authority cost center accounting the South Terminal – See Section 6.3). The McNamara Terminal opened on February 24, 2002 and currently serves Delta, the Delta Connection Carriers, and other SkyTeam[8] partners. The North Terminal opened on September 17, 2008 and replaced the Smith and Berry Terminals, which were retired as passenger facilities on the same date. The North Terminal is used for non-hubbing carrier operations at the Airport. The Authority has invested over $2.1 billion in terminal development since OY 2000. With the McNamara Terminal and the North Terminal, the Airport has two of the most modern and efficient terminal facilities of any airport in the U.S. with ample capacity to accommodate future growth.

In February 2010, J.D. Power and Associates ranked the Airport first in overall customer satisfaction among U.S. airports accommodating 30 million or more passengers per year. Factors used in the survey to determine overall customer satisfaction include airport accessibility, check-in/baggage claim, security check, terminal facilities, food and beverage, retail services, baggage claim, and immigration customs/control. In November 2010, Zagat Airline Survey, a survey of frequent fliers and travel professionals awarded the Airport fourth place for "Best U.S. Airport in Overall Quality".

Additionally, the Airport has been awarded several accolades for its terminal-related facilities and concessions program, as summarized below:

- In each year 2009 through 2011, the Physician's Committee for Responsible Medicine awarded the Airport first place in its "Airport Food Review" which examines airport restaurants at 15 major airports and assesses the percentage of restaurants that offer at least one low-fat, high-fiber, low-cholesterol dining option. The Airport is the only airport in the 11-year history of the review to receive a perfect score, having done so twice.

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8 The SkyTeam is a global airline alliance of which Delta is one of 16 current members. Through this alliance, Delta passengers can buy tickets and receive frequent flier benefits for travel on member airlines on approximately 14,500 daily flights to 926 destinations in 173 countries, as of June 2012.

- In 2011, the Airport received the top honor from Airports Council International – North America (ACI-NA) in the "Best 'Green' Concessions Practice or Concept" category of the Richard A. Griesbach Excellence in Airport Concessions Contest for industry-leading recycling programs related to waste cooking oil and used cardboard.

A further description of the Airport's passenger terminal facilities is presented in the following sections.

McNamara Terminal

The McNamara Terminal currently serves Delta, the Delta Connection Carriers, and other SkyTeam partners and the airline space in the terminal is leased by Delta under an Airline Agreement (see Section 6.1.3) which extends through 2032. The McNamara Terminal was opened in February 2002, and in OY 2004-2005 Concourses B and C of the facility were expanded with an additional 25 gates to accommodate increased mainline and regional aircraft activity. Also included as part of the expansion were luggage handling systems modifications and additional moving walkways, escalators, and hydrant fueling pits. The McNamara Terminal has approximately 2.4 million square feet of gross building space and includes 121 aircraft gates in three concourses (i.e., Concourses A, B, and C), a centralized passenger terminal with over 100 ticket counter positions, an automated people mover that travels the mile-long Concourse A, over 80 shops and restaurants encompassing over 150,000 square feet of concessions space, four Delta Sky Clubs, an underground tunnel that provides access between the concourses and also serves as a utility and luggage handling system corridor, and an FIS facility of approximately 105,000 square feet, which can process up to 3,200 passengers per hour (however, current government staffing levels limit capacity to lower than this). The passenger terminal is served by a three level roadway system providing access to the "International Arrivals Level", "Domestic Arrivals Level", and "Departures Level" of the terminal building. Also, connected to Concourse A and the ticket lobby of the terminal is a 404-room and 10-suite luxury-class Westin Hotel. The hotel is accessible from the curb front roadway and also offers a security checkpoint for direct access to Concourse A. The Westin Hotel was identified as one of the top 3 airport hotels in North America in the 2011 Skytrax World Airport Survey.

In August 2003, the terminal was one of four international projects, the only U.S. project and only airport project, featured in the Architectural Record, the world's most-read architectural magazine. The article highlighted many of the above described features of the terminal and referenced it as "... the first airport of the aviation industry's second century."

North Terminal

The North Terminal was opened on September 17, 2008 and replaced the Smith and Berry Terminal facilities for non-hubbing carrier operations at the Airport, including international operations by non-Sky Team airlines. The North Terminal includes over 850,000 square feet of new gross building space including a central terminal facility, a 26-aircraft gate attached airside concourse, approximately 50,200 square feet of concessions space, and a FIS facility of approximately 26,000 square feet with facility capacity to process up to 800 passengers per hour. Five of the gates are common use, and four of the five common use gates can serve both international and domestic flights. The facility is designed to be expandable by another five gates as demand warrants. Other key features of the facility include related airside apron, dual taxilanes, hydrant fueling, ticket counters, airline offices, luggage handling facilities, loading bridges with 400 Hz power and preconditioned air, an airline club for Lufthansa German Airlines, and a pedestrian bridge connecting the terminal to the adjacent parking structure. The facility includes a fully-inline explosive detection system (EDS) for improved luggage security screening operations. Upper and lower level roadways provide access to the "arrivals" and "departures" levels of the facility, and the terminal has a ground transportation facility. The North Terminal serves all domestic and foreign flag passenger airlines at the Airport except Delta, the Delta Connection Carriers, and its SkyTeam partners. In February 2009, the North Terminal Project was awarded the "Outstanding Construction Project of the Year" by the Construction Association of Michigan and in January 2010, the Associated General Contractors of Michigan bestowed its highest honor, a "Build Michigan Award", to the North Terminal.

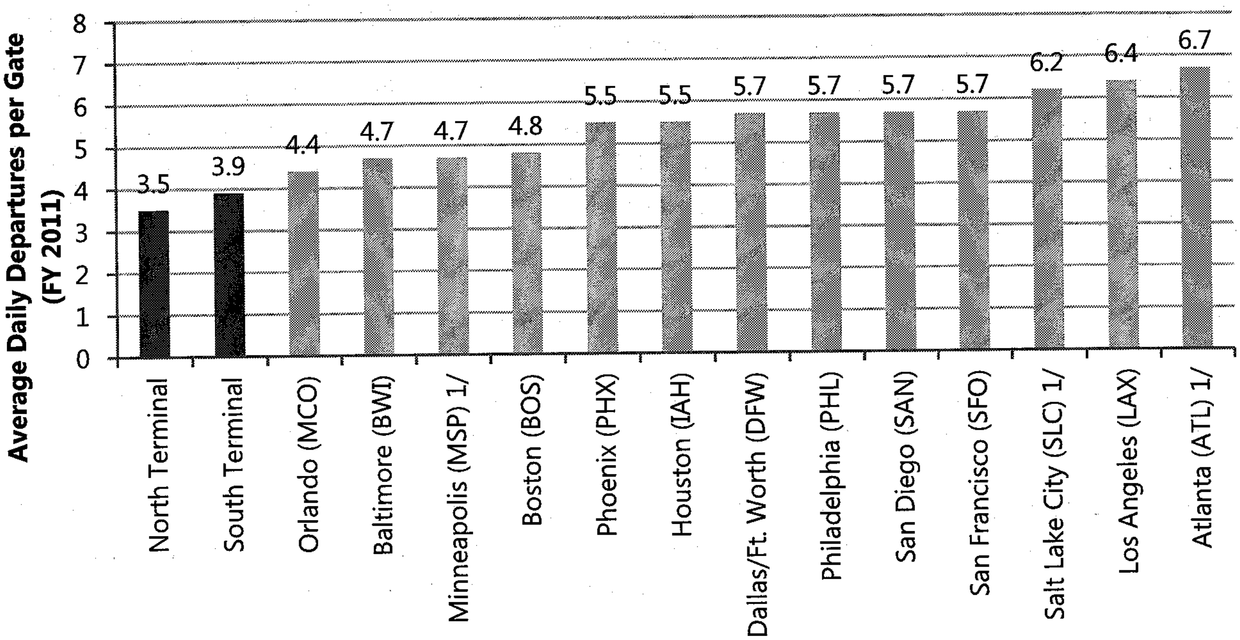
Gate Utilization

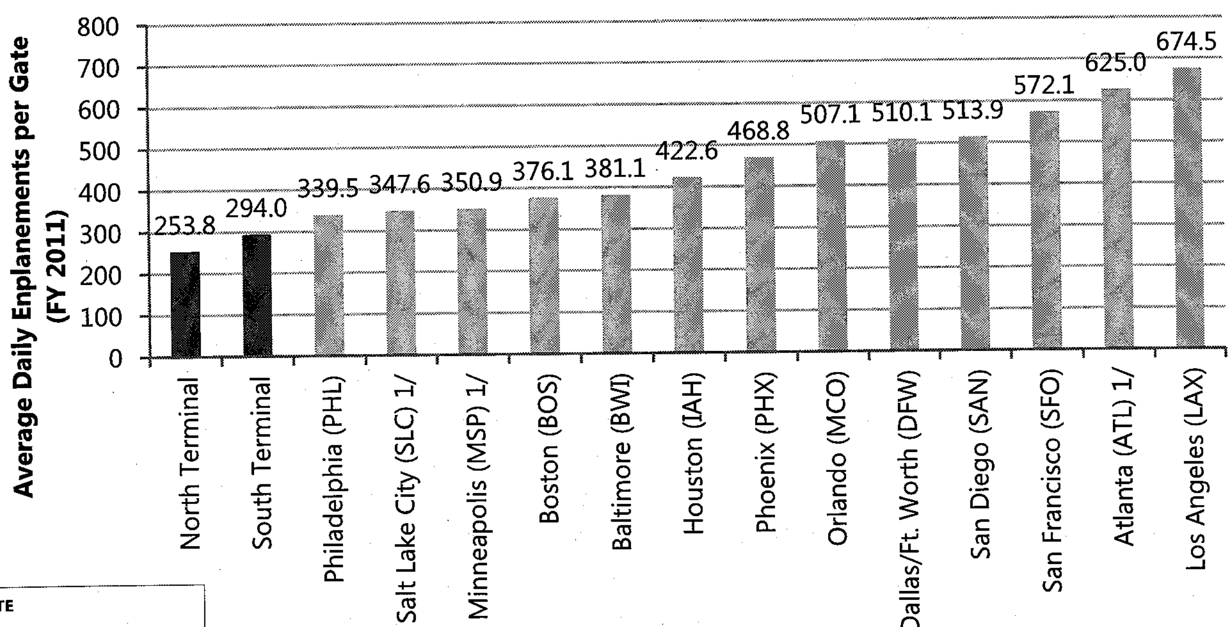
Based on gate utilization data from the 2011 Preliminary ACI Benchmarking Survey, it is reasonable to assume that the two terminals at the Airport could accommodate significantly more utilization than is currently being experienced. **Exhibit 2-10** summarizes gate utilization data for large hub airports participating in the ACI survey. As shown, gate utilization in both the McNamara Terminal and the North Terminal, when measured based on average daily departures per gate (FY 2011), is lower than at the other participating large hub airports. Similarly, in an alternative measure of gate utilization, average daily enplanements per gate in both terminals is comparatively lower than at the other large hub airports.

Among other factors, gate utilization characteristics vary by airport based on the number and type of gates available and the operational and scheduling characteristics of the airlines using those gates. Therefore, to draw specific conclusions from the data presented in Exhibit 2-10, it would likely require detailed analysis on an airport-by-airport basis. The data, however, does demonstrate that Delta operates more average daily departures per gate, and correspondingly more average daily enplanements per gate, at its ATL, SLC, and MSP hubs than at the Airport, in facilities that, in some cases, are older and potentially less efficient than the facilities in the McNamara Terminal. Based on this data, it is reasonable to conclude that existing terminal facilities at the Airport provide sufficient excess capacity to accommodate future enplanement growth from both Delta and other carriers.

2.4.3 PUBLIC PARKING

Public parking at the Airport currently consists of 18,265 spaces at both structured facilities and surface lots. The structured parking facilities are located near each of the terminal facilities to allow for convenient pedestrian access. Shuttle bus service is also available for parkers in the longer-term and/or economy areas. Additionally, the Ground Transportation Center, located east of the North Terminal at the end of the pedestrian bridge (in between the North Terminal and the Blue Parking Deck), is a two level facility of approximately 12,000 square feet which allows passengers to access the Blue Parking Deck and all commercial vehicles (car rental, hotel shuttles, on and off site shuttles parking shuttles, taxis, luxury sedans, etc.) that serve the North Terminal.





NOTE

1/ Airports yet to respond to FY2011 survey, final data from FY2010 survey is presented.

SOURCE: ACI Preliminary Benchmarking Survey for FY2011, July 2012.
PREPARED BY: Ricondo & Associates, Inc., July 2012.

[redacted]

Average Daily Departures and Enplanements (FY2011)

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The Big Blue Deck parking structure contains approximately 6,226 public parking spaces and is located somewhat adjacent and north of the Smith Building (retired as a passenger facility) and is connected by a pedestrian bridge. This Big Blue Deck facility is primarily intended for long-term and economy parkers at the Airport. However, the garage was expanded to house pre-arranged limousines for the Ground Transportation Center, taxis and commercial luxury sedans, and additional premium parking spaces. The deck expansion directly interfaces with the North Terminal Ground Transportation Center. Additionally, the deck expansion contains a moving walkway running in the north-south direction that "connects" the existing moving walkways in the north and south ends of the Blue Deck.

Adjacent to the McNamara Terminal, a 10-level parking garage consisting of approximately 9,733 public parking spaces offers hourly, daily, and valet parking services. A fully-enclosed pedestrian bridge located on level six connects the facility with the McNamara Terminal. Vehicle access to the parking garage is provided from the terminal roadway on both the "International Arrivals Level" and the "Departures Level".

Other surface lots located along Dingell and Rogell Drives also provide additional economy service parking for the Airport. In addition, the Authority reopened the Green Lot on November 8, 2010, as an economy lot offering, at that time, the lowest daily parking rate of any parking facility on or off the Airport.

In addition to the above parking facilities, approximately 13,875 additional parking spaces are estimated to be available off-airport through third-party operators.

2.4.4 OTHER ANCILLARY/SUPPORT FACILITIES

Other ancillary and support facilities are located throughout the Airport property. A general discussion of these facilities is contained below.

- **General Aviation.** General aviation and corporate aviation facilities are generally located on the southern portion of the Airport with one facility on the northern end. The fixed base operators (FBO) at the Airport are ASIG General Aviation Services and Metro Flight Services, which accommodate aircraft parking, fuel, hangars, catering, and other flight support services.
- **Air Cargo/Mail Facilities.** Air cargo facilities at the Airport are located in three general areas of Airport property. The largest air cargo tenants, FedEx and United Parcel Service, are located in different areas of the airfield. FedEx is located in the northwest area of the Airport adjacent to Taxiway Z. United Parcel Service's facility is located on the southern portion of the Airport between the Runway 27R and 27L ends. Several passenger airline and smaller cargo facilities are also located in the northern area of the Airport with access from Merriman Road.
- **Aircraft Maintenance Facilities.** Several aircraft maintenance operation facilities are based at the Airport. These facilities are located in various areas of the Airport; however, several are located north of the North Terminal core area. Some of these include facilities for Delta Air Lines, United Parcel Service, and FedEx. Aircraft serviced at these facilities include large wide-body aircraft (i.e., Boeing 747s) to smaller general aviation type aircraft.
- **Fuel Farm.** The fuel farm at the Airport is located in the northwestern section of the airfield, and consists of four 20,000-barrel fuel storage tanks and two 65,000-barrel fuel storage tanks. The fuel farm has a capacity of over four million gallons, an estimated five days of storage capacity. The fuel facilities at the Airport also include a truck load rack, underground pipelines and underground

hydrant systems that serve the McNamara Terminal and North Terminal. Delta is the lessee of the entire fuel system at the Airport, which it operates for its benefit as well as the benefit of the other air carriers at the Airport, under an Operating Agreement with Shell/Servisair.

Other Airport support facilities include, but are not limited to, aircraft rescue and firefighting (ARFF) facilities, flight kitchens, and an airport traffic control tower (ATCT). The primary ARFF station is located just north of the McNamara Terminal and south of Runway 9L/27R. The Airport also has a smaller secondary facility located near Taxiway V adjacent to the FedEx cargo apron. Additionally, the Airport has a landside ARFF station serving the roadways and terminals located along Rogell Drive to the north of the Smith and Berry Buildings (retired as passenger facilities). LSG Sky Chefs prepares meals for flights departing from the Airport and operates out of the one flight kitchen facility at the Airport (Building 505), which is leased to Delta and subleased to LSG Sky Chefs. The ATCT is located north of the McNamara Terminal and it also houses the Terminal Radar Approach Control (TRACON) facility that serves the Airport and other regional airports.

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3. The Capital Program and Funding Sources

3.1 Summary of Findings

This Report and the financial analyses presented in Chapter 6 incorporate the estimated financial impacts resulting from the implementation of the Authority's 2013-2017 Capital Improvement Program (CIP). The 2013-2017 CIP includes the Series 2012 Projects and other projects expected to be undertaken by the Authority over the next five to six years, or as demand warrants. Estimates of total project costs, project phasing, and anticipated funding sources presented in this Report are based on the Authority's current expectations, but are subject to change based on demand, funding availability, and other factors. The Series 2012 Projects have been approved by a Weighted Majority of Signatory Airlines. Other projects included in the 2013-2017 CIP intended to be funded in whole or in part with the proceeds of future bonds will require Weighted Majority Approval (see Section 6.1.3) in order to be financed with the proceeds of future bonds.

The Authority's 2013-2017 CIP is summarized below:

- The 2013-2017 CIP has a total estimated project cost of $565.5 million, of which approximately $79.6 million is estimated to be spent as of September 30, 2012.
- Based on current expectations, funding sources for the CIP include proceeds from prior bond issues, proceeds from the Series 2012A Bonds and Series 2012B Bonds, future bond proceeds, grants, Authority funds, and other sources to be determined. However, due to the forward-looking nature of the program, some of the anticipated funding sources for the projects may not be approved, are subject to future conditions, or are otherwise subject to change.
- The Authority expects to fund approximately $201.9 million in CIP costs with proceeds of the Series 2012A Bonds and Series 2012B Bonds. See Section 1.2 for description of the Series 2012 Projects and Section 1.3 for a description of the Series 2012 Bonds and the plan on finance.
- A total of approximately $206.5 million in 2013-2017 CIP project costs are currently anticipated to be funded with the proceeds of future bonds expected to be issued in OY 2014 and OY 2016.

3.2 The Airport Master Plan

The Authority completed a new 20-year Master Plan for the Airport in 2008 and the FAA accepted the Master Plan on June 18, 2009. The Master Plan's Preferred Development Plan reflects all airfield, terminal, landside/ground access, and support facility projects necessary to meet the anticipated demand for air travel over the planning horizon, identified as 2008-2027 in the Master Plan. Master Plan projects not already in the current CIP will be added to the CIP on a phased development basis as demand materializes and funding sources are identified. However, certain projects included in the Master Plan's Preferred Development Plan could be deferred or not otherwise undertaken by the Authority if they are not required or economically justified.

The financial analysis presented in this Report and the accompanying financial tables incorporate the estimated financial impacts of the 2013-2017 CIP, which includes the Series 2012 Projects and others expected to be undertaken by the Authority over the next five to six years, or as demand warrants. To the extent that Master Plan projects are not currently included as part of the 2013-2017 CIP, their potential financial impacts are not included in this analysis.

3.3 The 2013 – 2017 Capital Improvement Program

The Authority's CIP for the Airport for the period OY 2013 through OY 2017, which is expected to be adopted by the Authority Board as part of the OY 2013 operating budget, and may be updated and revised by the Authority from time to time, has an estimated total cost of $565.5 million[1]. The Series 2012 Projects, as described in Section 1.2, are a component of the overall CIP and are included in the project costs and funding sources presented in this section. The Authority anticipates that CIP projects will be funded from a combination of existing bond proceeds, Series 2012 Bond proceeds, future bonds proceeds, federal grants, Authority funds, and other sources to be determined. Other than the Series 2012 Projects, CIP projects intended to be funded with future bond proceeds still require Weighted Majority approval. The Authority is currently undertaking or anticipating that it will undertake these projects within the next five to six year period, or when demand warrants. As such, these projects are assessed as future capital projects and are included in the financial analysis presented in Section 6 of this Report.

1 For the purposes of this analysis the De-Icing Fluid Forcemain to DWSD project is included in the 2013-2017 CIP. This project is a Series 2012 Project that is substantially complete and therefore excluded from the 2013-2017 CIP that is expected to be approved by the Authority Board.

3.3.1 ESTIMATED PROJECT COST AND TIMING

Table 3-1 presents a summary of CIP projects including total estimated project costs by category and anticipated project timing. As shown, approximately $79.6 million of the estimated total cost of the CIP are expected to be spent as of September 30, 2012. OY 2013 estimated CIP expenditures total approximately $152.9 million, including approximately $102.3 million in Airfield project costs. Approximately $123.3 million in CIP expenditures are anticipated to occur in OY 2017 or beyond.

3.3.2 ANTICIPATED FUNDING SOURCES

Table 3-2 summarizes anticipated funding sources of the CIP. As a result of the forward-looking nature of the program, some of the anticipated funding sources for the projects may not be approved, are subject to future conditions, or are otherwise subject to change. Based on current expectations, funding sources for the CIP include prior bond proceeds, proceeds from the Series 2012A Bonds and Series 2012B Bonds, future bond proceeds, grants, Authority funds, and other sources to be determined, each of which is summarized below.

Prior Bonds

The Authority has previously issued bonds to fund the cost of projects at the Airport. The Authority expects to use proceeds totaling approximately $50.0 million from these previous bond sales to fund certain costs of the CIP.

Series 2012 Bonds

As shown in Table 3-2 and described in greater detail in Section 1.2, the Authority expects to fund approximately $201.9 million in CIP costs with proceeds from the Series 2012A Bonds and Series 2012B Bonds. See Section 1.2 for description of the Series 2012 Projects and Section 1.3 for a description of the Series 2012 Bonds and the plan on finance.

Future Bonds

A total of approximately $206.5 million in 2013-2017 CIP project costs are currently anticipated to be funded with the proceeds of future bonds expected to be issued in OY 2014 and OY 2016.

Grants

The Federal Aviation Administration (FAA) Airport Improvement Program (AIP) provides federal entitlement and discretionary grants to eligible airport projects. The Authority receives AIP entitlement grants based on (1) levels of funding authorized and appropriated by Congress for the program, (2) the number of passengers and amount of cargo at the Airport, and (3) and 75 percent reduction in entitlement grants resulting from the Authority's $4.50 PFC level. The Authority also receives AIP discretionary grant awards for specific projects pursuant to grant applications for such funding and FAA discretionary grant awards, which are a function of amounts authorized and appropriated by Congress and the FAA's prioritization of competing projects. AIP grants are distributed to airport operators on a reimbursement basis.

Table 3-1 Airport Capital Improvement Program Summary 1/

(Figures in Thousands)

CATEGORY	ESTIMATED TOTAL COST	ESTIMATED SPENT TO 9/30/2012	OY 2013	OY 2014	OY 2015	OY 2016	OY 2017 THROUGH COMPLETION
		ESTIMATED EXPENDITURES					
Airfield 2/	$ 376,106	$ 54,926	$ 102,300	$ 62,380	$ 9,800	$ 37,400	$ 109,300
Electrical Distribution System	$ 18,025	$ -	$ 850	$ 10,950	$ 4,575	$ 1,650	$ -
Fleet & Equipment	$ 13,400	$ 500	$ 5,767	$ 3,567	$ 3,567	$ -	$ -
HVAC	$ 14,065	$ 3,380	$ 4,685	$ 4,800	$ 450	$ 750	$ -
Noise Mitigation	$ 11,125	$ 9,925	$ 1,200	$ -	$ -	$ -	$ -
Parking Decks & Lots	$ 34,060	$ 2,884	$ 6,666	$ 17,500	$ 7,010	$ -	$ -
Roads & Bridges	$ 15,825	$ -	$ 850	$ 8,650	$ 2,225	$ 800	$ 3,300
Roofing	$ 2,030	$ 30	$ 2,000	$ -	$ -	$ -	$ -
Security & Communications	$ 27,125	$ 425	$ 4,500	$ 2,900	$ 4,800	$ 4,800	$ 9,700
Storm Water System	$ 3,700	$ -	$ 100	$ 1,550	$ 550	$ 500	$ 1,000
Support Facilities	$ 34,425	$ 7,475	$ 18,000	$ 6,950	$ 2,000	$ -	$ -
Terminals	$ 11,662	$ 10	$ 3,202	$ 2,450	$ 5,000	$ 1,000	$ -
Water Distribution System	$ 4,000	$ -	$ 2,750	$ 700	$ 550	$ -	$ -
Total	**$ 565,548**	**$ 79,555**	**$ 152,870**	**$ 122,397**	**$ 40,527**	**$ 46,900**	**$ 123,300**

NOTES:

1/ Certain CIP projects that require approval by a Weighted Majority of Signatory Airlines in order to fund such projects with Bond proceeds are not yet approved, expenditure schedules are subject to change, and projects are subject to demand and available funding.

2/ For the purposes of this analysis includes the De-Icing Fluid Forcemain to DWSD project, a Series 2012 Project, which is substantially complete and therefore excluded from the Authority's proposed 2013-2017 CIP.

SOURCE: Wayne County Airport Authority, July 2012.

PREPARED BY: Ricondo & Associates, Inc., July 2012.

Table 3-2 Airport Capital Improvement Program Funding Sources [1/]

(Figures in Thousands)

CATEGORY	ESTIMATED TOTAL COST	ANTICIPATED FUNDING SOURCES: AIP GRANTS	AUTHORITY FUNDS	PREVIOUS BONDS	SERIES 2012A BONDS AND SERIES 2012B BONDS	FUTURE BONDS	TO BE DETERMINED
Airfield [2/]	$ 376,106	$ 47,990	$ -	$ 33,148	$ 124,793	$ 170,175	$ -
Electrical Distribution System	$ 18,025	$ -	$ 250	$ -	$ 6,000	$ -	$ 11,775
Fleet & Equipment	$ 13,400	$ -	$ -	$ -	$ 13,400	$ -	$ -
HVAC	$ 14,065	$ 1,850	$ 11,215	$ -	$ -	$ -	$ 1,000
Noise Mitigation	$ 11,125	$ 8,899	$ -	$ -	$ 2,226	$ -	$ -
Parking Decks & Lots	$ 34,060	$ -	$ 2,950	$ 1,000	$ 30,110	$ -	$ -
Roads & Bridges	$ 15,825	$ -	$ 250	$ 7,575	$ -	$ 6,250	$ 1,750
Roofing	$ 2,030	$ -	$ -	$ -	$ 2,030	$ -	$ -
Security & Communications	$ 27,125	$ 2,125	$ -	$ -	$ 3,100	$ 21,900	$ -
Storm Water System	$ 3,700	$ -	$ -	$ 1,200	$ -	$ -	$ 2,500
Support Facilities	$ 34,425	$ -	$ 5,250	$ 6,375	$ 16,200	$ 5,400	$ 1,200
Terminals	$ 11,662	$ 5,250	$ 3,000	$ 662	$ -	$ 2,750	$ -
Water Distribution System	$ 4,000	$ -	$ -	$ -	$ 4,000	$ -	$ -
Total	**$ 565,548**	**$ 66,114**	**$ 22,915**	**$ 49,960**	**$ 201,859**	**$ 206,475**	**$ 18,225**

NOTES:

1/ Certain CIP projects that require approval by a Weighted Majority of Signatory Airlines in order to fund such projects with Bond proceeds are not yet approved, expenditure schedules are subject to change, and projects are subject to demand and available funding.

2/ For the purposes of this analysis includes the De-Icing Fluid Forcemain to DWSD project, a Series 2012 Project, which is substantially complete and therefore excluded from the Authority's proposed 2013-2017 CIP.

SOURCE : Wayne County Airport Authority, July 2012.

PREPARED BY: Ricondo & Associates, Inc., July 2012.

From time to time the Authority also receives grants from other federal, state, and other sources. The Authority expects to apply approximately $66.1 million in federal, state, and other grants towards CIP project costs. In June 2012, the Authority received an AIP grant of approximately $20.5 million for a portion of the costs of the reconstruction of Runway 4R/22L and a grant of approximately $3.7 million for a portion of the costs of reconstructing Taxiways F, H, and V.

Other Authority Funds

Per the Master Bond Ordinance and in accordance with provisions in the Airline Agreements, amounts from the Airport Development Fund, Airport Renewal and Replacement Fund, and the Airport Discretionary Fund, and to a lesser degree certain other sources, can be used to fund the costs of capital improvement projects at the Airport. The Authority currently expects to fund approximately $22.9 million in CIP project costs from these sources, with approximately $18.0 million coming from the Airport Development Fund. The remainder of funding from these sources, approximately $4.9 million, is associated with project costs expected to be included in Authority operating budgets and funded through airline rates and charges.

4. Demographic and Economic Analysis

4.1 Summary of Findings

The demand for air transportation is, to a large degree, dependent upon the demographic and economic characteristics of the geographical area served by an airport (i.e., the Air Trade Area), particularly for the origin and destination (O&D) portion of an airport's passenger traffic. Although O&D passengers are less than a majority of the Airport's total traffic, primarily as a result of hubbing activity by Delta, the strength and characteristics of the Airport's underlying economic base remain significant with regard to expectations of continued growth in its O&D demand.[1]

This section presents data that indicates that the Air Trade Area has an economic base capable of supporting increased demand for air travel during the projection period supported by the following key findings:

- The Airport's serves Southeastern Michigan, the Detroit metropolitan area, and the broader Air Trade Area (as defined in Section 2.3.2) that has a total population of over 5 million residents. Data presented in the following sections indicates that the population of the Air Trade Area is diverse, has a comparatively higher percentage of residents in the age ranges most likely to travel, and has a comparatively high percentage of households in the top income categories, all factors that positively impact the demand for air travel from the Airport.
- Recent data from the U.S. Bureau of Labor Statistics indicates that each MSA included in the Air Trade Area has either experienced a significant decrease in unemployment over the last 12-months, or as in the case of the Ann Arbor MSA, continues to experience a very strong labor market. The year-over-year percentage point improvement in unemployment rates in the Detroit-Warren Livonia (1st nationally), Flint (4th nationally), and Monroe (ranked 19th nationally) MSAs ranked within the top-20 nationally, based on April 2012 data. Based on that same data, the Ann Arbor MSA had the 15th lowest unemployment rate among the 372 MSAs tracked by the Bureau of Labor Statistics.
- Detroit and the surrounding area is well known as "The Automotive Capital of the World," as it is home to three of the world's largest automakers: Chrysler Group LLC, Ford Motor Company, and

1 Based on Authority records, domestic O&D passengers accounted for approximately 45.4 percent of total domestic passengers at the Airport in CY 2011.

General Motors Company. Historically, Michigan's automotive factories account for approximately 20.5 percent of total US vehicle production, more than any other state in the nation, and over four-fifths of the state's car and truck production is located within the Air Trade Area. The Air Trade Area produces more vehicles than any other metropolitan area in the United States.

- Since the low point in vehicle production experienced in early 2009, the auto industry has rebounded and experienced an upward trend extending into 2012. Vehicle production in Michigan, the significant majority of which occurs in the Air Trade Area, has steadily grown since 2009 increasing from an annualized amount of 48.4 million units in January 2009 to approximately 203.4 million units in March 2012, the highest level experienced since February 2008. While sales rates have yet to reach the peaks experienced in 2005, the restructurings undertaken by the Big Three auto companies allowed them to return to profitability even at these lower sales levels. Ford reported a pre-tax profit of $8.8 billion for 2011, General Motors reported net income of $7.6 billion for the year, and Chrysler reported a modest profit of $183 million while achieving certain key performance events. Based on second quarter 2012 financial results, the automakers' profitable operations have extended through 2012 with Ford reporting a pre-tax profit of $1.8 billion for the quarter, General Motors reporting net income of $1.5 billion for the quarter, and Chrysler reporting a profit of $755 million for the quarter (and a profit of approximately $1.5 billion for the first half of 2012), significantly higher than the annual profit of $183 million reported by Chrysler for 2011.

- Partially attributable to the rebound in the auto industry, the Detroit-Warren-Livonia MSA, which accounted for over 80 percent of the Air Trade Area's population in 2010, ranked as the fourth largest export market in the United States with merchandise shipments totaling approximately $44.0 billion (or over 70 percent of Michigan's exports in that year). In addition to the export of transportation equipment, the Detroit metropolitan area ranked among the major exporters of machinery, electrical equipment, fabricated metal products, and plastics and rubber products, illustrating the diversity of the regional economy. Among the top metropolitan exporters, the Detroit-Warren-Livonia MSA experienced the highest rate of growth in merchandise exports between 2009 and 2010 with exports growing by 55 percent over the period.

- Based on data from the U.S. Department of Commerce's BEA, Michigan was the 6th fastest growing state in the nation in 2011 based on percentage change in real gross domestic product. Of the five states that grew faster than Michigan in 2011, only Texas had a total output greater than that of Michigan. Michigan's GDP in 2011 totaled approximately $385.2 billion and was between two-times to 10-times greater than the outputs of the four states, excluding Texas, that grew faster than Michigan in 2011. However, based on BEA data, Michigan's 2011 real GDP (when presented in chained[2] 2005 dollars) totaled approximately $337.4 billion, still below the historical peak of approximately $378.6 billion (chained 2005 dollars) experienced in 2003.

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2 The U.S. Department of Commerce introduced the chained-dollar measure in 1996. Chained dollars are weighted by a basket of goods that changes from year to year. The previous measure, constant dollars, was weighted by a constant basket of goods. In the chained-dollar approach, the basket of goods is an average of the basket for successive pairs of years and is intended to more accurately reflect actual spending.

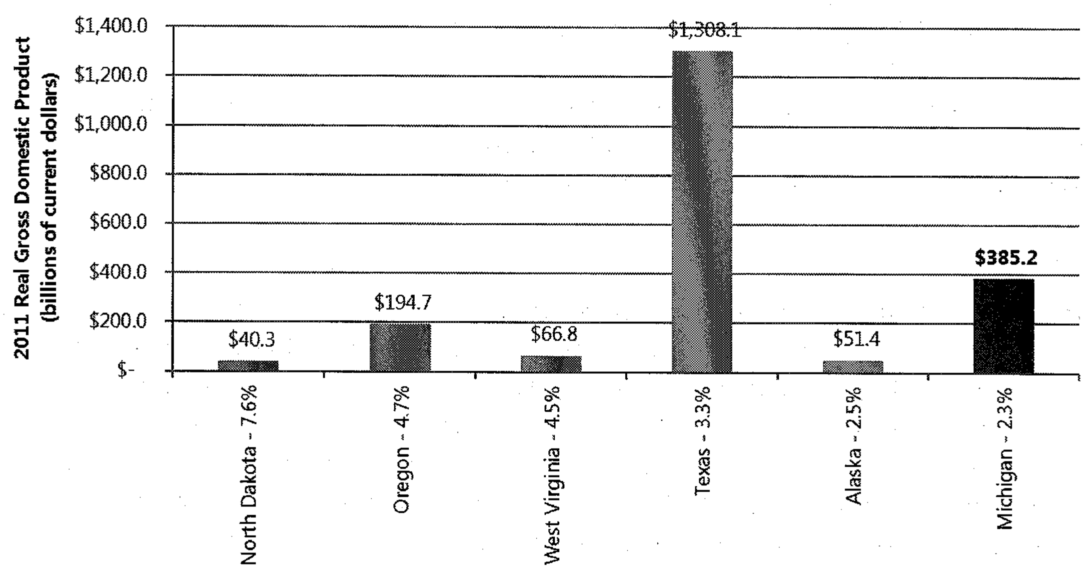
4.2 Business Climate

4.2.1 OVERVIEW

State of Michigan

In a June 2012 report, the U.S. Department of Commerce's BEA identified Michigan as the sixth fastest growing state in the United States in 2011 based on percentage change in real gross domestic product (GDP). A summary of the data presented in the BEA report for Michigan and the other top performing states is presented in **Exhibit 4-1**.

Exhibit 4-1 Summary of 2011 GDP and Growth for Top-Performing States



Top-Performing States and Percent Change in Real GDP - 2011

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, "*Widespread Economic Growth Across States in 2011*," released June 5, 2012.
PREPARED BY: Ricondo & Associates, Inc., June 2012.

As shown in Exhibit 4-1, Texas was the only state that experienced a greater increase in GDP in 2011 and also had a larger total output than Michigan. Michigan's total output of approximately $385.2 billion current dollars was between approximately two times (Oregon) to 10 times (North Dakota) greater than the total outputs of the other states, excluding Texas, that experienced greater GDP growth in 2011.

The BEA report noted that growth in durable-goods manufacturing accounted for approximately half of the 2.3 percentage point growth in Michigan GDP in 2011, contributing 1.17 percentage points to growth. The growth in durable-goods manufacturing experienced in Michigan in 2011 is an indicator of the improving condition of major automobile manufacturers, further described in Section 4.2.2 of this Report.

Complementing growth in the durable-goods manufacturing sector, and illustrating the diversity of statewide economy, other sectors contributing significantly to GDP growth in Michigan in 2011 included the following:

- Professional, scientific, and technical services – contributing 0.54 percentage points to growth
- Wholesale trade – contributing 0.27 percentage points to growth
- Administrative and waste services – contributing 0.22 percentage points to growth
- Non-durable goods manufacturing; management of companies; and health care and social assistance – each contributing 0.17 percentage points to growth
- Construction – contributing 0.13 percentage points to growth

Growth in these sectors, among others, was partially offset by notable decreases experienced in the government (-0.36 percentage points to growth); real estate, rental, and leasing (-0.19 percentage points to growth; and utilities (-0.17 percentage points to growth) sectors.

With over 50 percent of Michigan's population residing in the Air Trade Area (see Table 4-1), it's reasonable to conclude that a significant portion of the growth in production that occurred on a statewide basis is directly or indirectly tied to activities occurring within the Air Trade Area.

Air Trade Area

According to the Detroit Regional Chamber, the Air Trade Area has approximately 247,000 existing businesses. With its high concentration of Fortune 500 companies, high-capacity transportation infrastructure, skilled workforce, and research and development (R&D) facilities, the Air Trade Area has been gaining recognition as one of the best places in the nation for new and expanded business according to the Detroit Regional Chamber. This optimistic assessment was echoed by an October 2010 article in *Inc.* magazine, entitled "Five Reasons to Start a Business in Detroit." In particular the article noted the Air Trade Area's strong support network for new businesses (including government support) and access to space and capital. More recently, in May 2012, Site Selection magazine included the Wayne County Economic Development Growth Engine on its honorable mention list of the top-performing economic development groups nationwide in 2011[3].

In its March 2012 MetroMonitor report, the Brookings Institution included Detroit in its list of the top 20 metropolitan areas with the strongest economic recoveries[4]. In addition to growth in manufacturing activity, including the production of automobiles, automobile parts, and related durable goods as noted in the Brookings report, the technology sector is a growing contributor to the Air Trade Area's recovery. This growth in the technology sector has occurred as automobile makers and their suppliers are recruiting, often in competition with Silicon Valley, computer programmers and other workers with the technological skills necessary in the modern automobile making environment.

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3 Site Selection Magazine, "Recession-Proofing the Economy," May 2012.

4 Metropolitan Policy Program at Brookings, "MetroMonitor: Tracking Economic Recession and Recovery in America's 100 Largest Metropolitan Areas," March 2012.

The relocation of major high-tech operations of Quicken Loans and CompuWare, among others, to downtown Detroit has also attracted high-tech workers to the Air Trade Area. Illustrating this growth in the Air Trade Area's technology sector, a 2011 report Dice.com[5], a career website serving information technology and engineering professions, identified Detroit as the fastest growing metropolitan area for technology jobs. In that report, the Detroit metropolitan area was cited as having more than 800 available technology positions on any given day and that technology professionals in the Detroit metropolitan area have an average annual income of $71,445.

4.2.2 AUTOMOBILE INDUSTRY

Detroit and the surrounding area is well known as "The Automotive Capital of the World," as it is home to three of the world's largest automakers: Chrysler Group LLC, Ford Motor Company, and General Motors Company. In addition to the "Big Three" U.S. automakers, the Air Trade Area is home to important facilities of foreign manufacturers including R&D centers of Toyota Motor North America Inc., Hyundai Motor Company, and Kia Motors America Inc. Furthermore, approximately 20 of the 100 largest global automotive suppliers are headquartered in the Air Trade Area, with approximately another 70 of the largest suppliers having an office presence in the region. Historically, Michigan's automotive factories account for approximately 20.5 percent of total US vehicle production[6], more than any other state in the nation. Furthermore, over four-fifths of the state's car and truck production is located within the Air Trade Area which produces more vehicles than any other metropolitan area in the United States.

Due to the major presence of automakers, suppliers, R&D facilities, and a vast network of support industries in Detroit and the surrounding area, trends impacting vehicle sales and production have a significant impact on the regional economy. While the period 2006 through 2009, coinciding with the national economic recession, provided many challenges to the automakers and the Detroit region, the rebound that has occurred since 2009 has made Michigan, and by extension Detroit and the Air Trade Area, one of the fastest growing economies in the nation based on the BEA's June 2012 news released described above. The following sections describe the impacts of the recession on vehicle production and the automakers as well as the rebound that has occurred since 2009.

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5 Dice.com, "February 2011: Work Local," February 2011.

6 Source: Michigan Department of Treasury, Office of Revenue and Tax Analysis, *Michigan Economic Update (Jan 1996 – March 2012)*, accessed from http://www.michigan.gov/taxes/0,4676,7-238-43551_44149_44156---,00.html June 7, 2012.

Impacts of the Recession (2006 through 2009)

The significant presence of the auto industry in southeastern Michigan exposes the Air Trade Area economy to fluctuations depending on how economic conditions impact vehicle sales across the nation and the world. U.S. vehicle sales had peaked (for the period shown) in 2006 at an annualized rate of 18.1 million units, and remained relatively strong through the first half of 2007. As illustrated in **Exhibit 4-2**, U.S. vehicle sales began to wane in the last half of 2007 and continued to weaken into 2009, when sales reached a low point of 9.3 million annualized in February as the national economy experienced a significant recession. Vehicle sales experienced a sharp increase in July and August of 2009, when sales reached an annualized rate of 14.3 million due to the federal government's "Cash for Clunkers" program, but quickly retreated to a 9.4 million annualized rate in September as the program expired. With the downturn in sales, production rates also declined from a peak of approximately 12.0 million annually in early 2006 to a low of approximately 5.7 million annual in October 2010. Production in Michigan showed a similar trend, declining from approximately 2.4 million vehicles annually in early 2006 to 1.15 million vehicles annually at the end of 2009.

The financial ramifications of the national economic recession in the 2007 through 2009 period for the Big Three automakers were profound. On April 30, 2009, Chrysler LLC filed for protection from creditors under Chapter 11 of the U.S. Bankruptcy Code (Chapter 11). The corporation was reorganized as a new entity, Chrysler Group LLC, which acquired the most valuable assets of the original corporation, and emerged from the bankruptcy process on June 10, 2009. Chrysler emerged from bankruptcy with ownership comprised of a United Auto Workers' retiree trust owning 55 percent, Italy's Fiat S.p.A. owning 20 percent, and the United States and Canadian governments holding minority stakes. Fiat was given management control over Chrysler as part of an agreement that called for Fiat to provide technical expertise and build at least one vehicle line in a Chrysler plant. In October 2011, Fiat had increased its share of Chrysler's ownership to 53.5 percent.[7] As part of the reorganization process, Chrysler closed approximately one quarter of its U.S. dealerships[8] and closed five plants throughout the country affecting approximately 4,800 workers.[9]

On June 1, 2009, General Motors Corporation followed Chrysler by filing for protection from creditors under Chapter 11. With federal assistance, General Motors emerged from bankruptcy on July 10, 2009 having been reorganized as a new entity, General Motors Company, which acquired the most valuable assets of the original corporation. The U.S. Department of the Treasury retained a 61 percent stake in the "new" General Motors, having invested approximately $50 billion to ensure the viability of the company during the bankruptcy process. Through its restructuring General Motors eliminated approximately 3,600 of its 6,000 dealerships, closed 14 plants, and shed approximately 20,000 employees in the United States during 2009. Furthermore, General Motors sold the Saab brand to Netherlands' Spyker Cars (which located Saab's North American headquarters in the Air Trade Area in April 2010), and phased out the Hummer, Pontiac, and Saturn brands. On November 18, 2010, General Motors successfully completed an initial public offering (IPO) of its stock, allowing the U.S. Department of the Treasury to reduce its ownership stake in the company.

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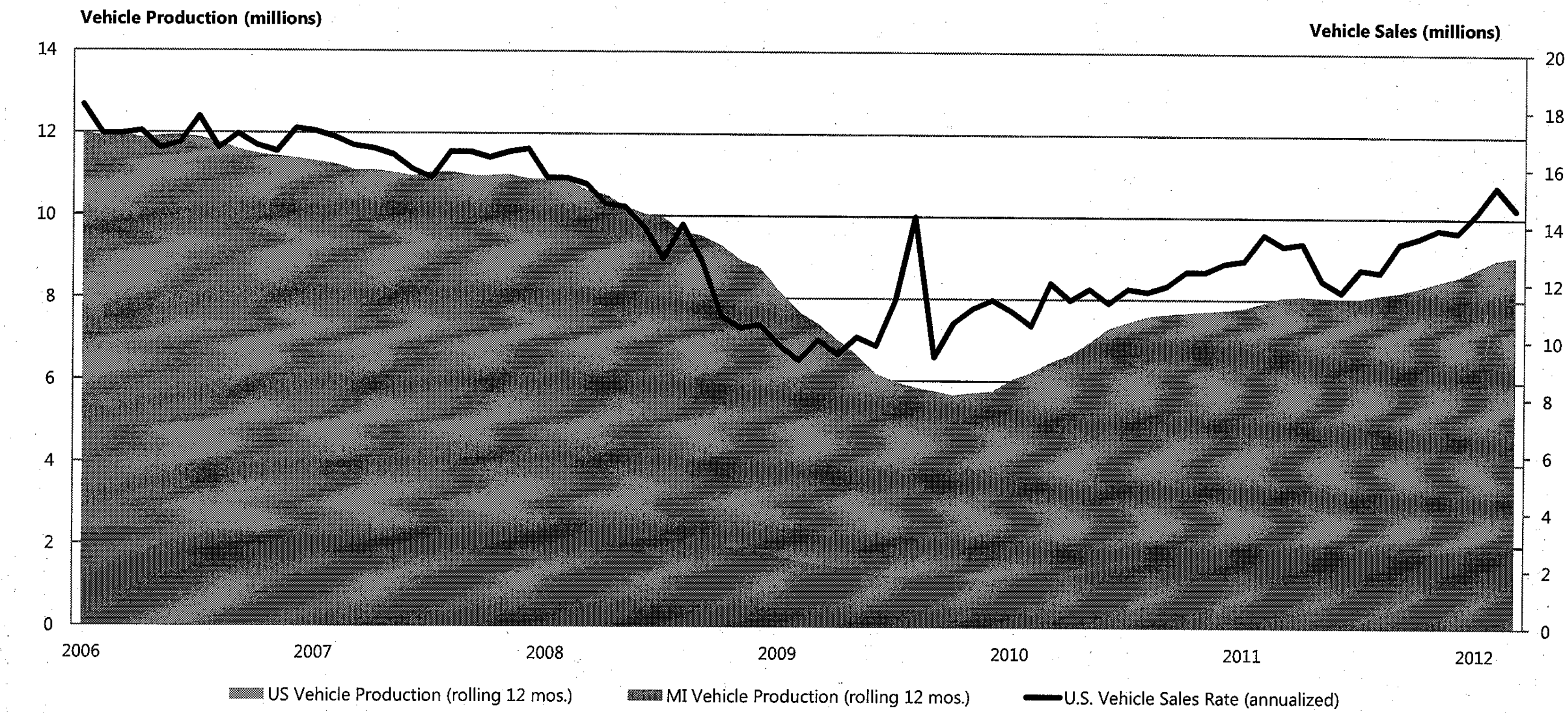
7 Fitch Ratings, Fiat S.p.A. credit report dated October 20, 2011.

8 Vlasic, Bill and Nick Bunkley, "Chrysler Plans to Shut 1 in 4 of its U.S. Dealers", *The New York Times*, May 15, 2009

9 Fowler, Bree and Vinnee Tong, "Chrysler to close 5 more plants; will file to sell most assets to Fiat", *USA Today*, May 1, 2009.



SOURCE: Michigan Department of Treasury, Office of Revenue and Tax Analysis, "Michigan Economic Update", January 2005 - March 2012.
PREPARED BY: Ricondo & Associates, Inc., June 2012.

Trends in US Vehicle Sales and Production
2007 - 2012

[A-89]

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While Ford managed to avoid the Chapter 11 process, its finances were severely strained with the company losing $12.7 billion in 2006.[10] The company borrowed more than $23 billion, for which it pledged nearly all of its U.S. assets including its blue oval logo. Ford instituted a restructuring program dubbed the "Way Forward" through which it offered its 30,000 hourly workforce buyouts or early retirement packages, which approximately 40 percent accepted, shed approximately 14,000 salaried positions, and closed approximately nine plants.[11] Ford also divested several assets, including the sale of the Jaguar and Land Rover brands to India's Tata Motors, the sale of the Volvo brand to China's Geely Automobile, and the phase out of the Mercury brand.

Recent Automaker Trends

As the national economy began to improve in late 2009 and 2010, nationwide vehicle sales increased as well to reach a rate of 12.7 million annually in December 2010. The upward trend in sales continued through 2011, with the December annualized rate reaching 13.8 million, and has extended into 2012 with annualized sales of approximately 14.1 million in June. Production rates, both in Michigan and the U.S. as a whole, have trended upward during this period as well.

While sales rates have yet to reach the peaks experienced in 2005, the restructurings undertaken by the Big Three auto companies allowed them to return to profitability even at these lower sales levels. For example, Moody's estimates that as a result of the restructuring since 2009 Ford's North American breakeven level declined by 45 percent to 1.8 million units of production from 3.4 million units.[12] Ford reported a pre-tax profit of $8.8 billion for 2011[13], while General Motors reported net income of $7.6 billion for the year.[14] Chrysler reported a modest profit of $183 million and announced it had achieved three performance events that allowed Fiat to increase its ownership share to 58.5 percent with the United Auto Workers' retiree trust owning the remaining 41.5 percent.[15]

Based on second quarter 2012 financial results, the automakers' profitable operations have extended through 2012 with Ford reporting a pre-tax profit of $1.8 billion for the quarter, General Motors reporting net income of $1.5 billion for the quarter, and Chrysler reporting a profit of $755 million for the quarter (and a profit of approximately $1.5 billion for the first half of 2012), significantly higher than the annual profit of $183 million reported by Chrysler for the year 2011.

As evidenced by Exhibit 4-3, the improved financial performance of the automakers has resulted in an upward trend in their credit ratings, with the most notable achievement being the restoration of Ford to investment grade by both Fitch Ratings and Moody's Investor Service. With the upgrade to investment grade by the two

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10 Bunkley, Nick, "Ford Loses Record $12.7 Billion in '06", *The New York Times*, January 25, 2007.

11 Ibid.

12 Moody's Investor Service, "*Rating Action: Moody's raises Ford and Ford Credit unsecured ratings to Baa3; outlook is stable*", May 22, 2012

13 Ford Motor Co., "Ford Posts 2011 Pre-Tax Operating Profit of $8.89 Billion", January 27, 2012.

14 General Motors Company, "GM Reports 2011 Net Income of $7.6 Billion", February 16, 2012.

15 Chrysler Group LLC, "Chrysler Group Reports Full Year Net Income of $183 Million", February 1, 2012

firms, Ford regained control of the assets it had pledged as collateral in 2006, including its iconic corporate logo.[16] In addition to the improved financial performance, the strong demand for new vehicles has led the automakers to hire new workers, add shifts, and reopen shuttered plants. *The New York Times* reports that employment at the nation's automakers and suppliers increased 6 percent in the first three months of 2012 compared to the same period in 2011, to 644,000.[17] Ford expects to hire 6,500 workers over the course of the year, and is adding shifts at its Chicago, Kansas City, MO, Louisville, KY, and Wayne, MI plants,[18] while Chrysler announced it would add a third crew and 1,100 new jobs at its Jefferson North Assembly Plant in Detroit,[19] and General Motors is hiring at plants across the country.[20]

4.3 Demographic Analysis

The demographic analysis presents data and summarizes trends with respect to population, population diversity, and age distribution in the Air Trade Area. In addition to providing a general overview of the Air Trade Area, these factors, to varying degrees, also impact the demand for air travel in the Air Trade Area. As described in Section 4.4.1, the methodologies employed in analyzing and developing projections of enplaning passengers at the Airport considered certain demographic data presented below and economic data presented in Section 4.3.

4.3.1 POPULATION

Wayne and Oakland counties are the Air Trade Area's two most populous counties. According to the U.S. Census Bureau, the state of Michigan is ranked 8th most populous state in the nation for 2010. Wayne and Oakland counties are ranked as the 15th and 32nd-largest counties, respectively, in the nation for population in 2010. Historical population for the Air Trade Area, Michigan, and the United States is presented in **Table 4-1.** As shown, population in the Air Trade Area increased from 5,187,171 people in 1990 to 5,456,428 people in 2000, and then decreased to 5,313,754 people in 2010. Expansion in the Air Trade Area between 1990 and 2010 resulted in eight of the ten counties in the Air Trade Area experiencing positive population growth. The highest growth rates in population between 1990 and 2010 occurred in Livingston County, compounded annual growth rate (CAGR) of 2.4 percent, and Washtenaw County, CAGR of 1.1 percent. Population in Genesee and Wayne counties has decreased since 1990, at compounded annual rates of -0.1 and -0.8 percent, respectively. As also shown, overall population in the Air Trade Area between 1990 and 2010 grew at a CAGR of 0.1 percent, slightly below Michigan's CAGR of 0.3 percent, and below the United States' CAGR of 1.2 percent, during this same period.

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16 Vlasic, Bill, "Prized Logo Is Returned to Ford", *The New York Times*, May 22, 2012

17 Vlasic, Bill, "Auto Sales Rose in May, Continuing a Bright Trend", *The New York Times*, June 1, 2012

18 Ibid

19 Chrysler Group LLC, "Chrysler Group Reports Full Year 2011 Net Income of $183 Million", February 1, 2012

20 USA Today, "Detroit automakers try hiring to keep up with higher sales",

Table 4-1 Historical & Projected Population

AREA	HISTORICAL			PROJECTED	COMPOUNDED ANNUAL GROWTH RATE			
	1990	2000	2010	2020	1990-2000	2000-2010	1990-2010	2010-2020
Genesee County	430,459	436,141	424,926	426,196	0.1%	-0.3%	-0.1%	0.0%
Lapeer County	74,768	87,904	88,210	94,911	1.6%	0.0%	0.9%	0.7%
Lenawee County	91,476	98,890	99,763	102,717	0.8%	0.1%	0.5%	0.3%
Livingston County	115,645	156,951	180,972	206,796	3.1%	1.6%	2.4%	1.2%
Macomb County	717,400	788,149	841,126	850,607	0.9%	0.7%	0.8%	0.1%
Monroe County	133,600	145,945	151,932	162,422	0.9%	0.4%	0.7%	0.6%
Oakland County	1,083,592	1,194,156	1,203,012	1,223,528	1.0%	0.1%	0.6%	0.2%
St. Clair County	145,607	164,235	162,789	172,682	1.2%	-0.1%	0.6%	0.5%
Washtenaw County	282,937	322,895	345,290	378,928	1.3%	0.7%	1.1%	0.8%
Wayne County	2,111,687	2,061,162	1,815,734	1,698,968	-0.2%	-1.4%	-0.8%	-0.6%
Air Trade Area	5,187,171	5,456,428	5,313,754	5,317,755	0.5%	-0.3%	0.1%	0.0%
State of Michigan	9,295,297	9,938,444	9,877,574	10,140,364	0.7%	-0.1%	0.3%	0.2%
United States	248,709,873	281,421,906	309,349,689	341,069,539	1.2%	1.1%	1.2%	0.9%

SOURCE: Woods and Poole Economics, Inc., *2012 Complete Economic and Demographic Data* Source (CEDDS), June 2012.

PREPARED BY: Ricondo & Associates, Inc., June 2012.

Table 4-1 also presents population projections for the Air Trade Area, Michigan, and the United States for 2020. As shown, population in the Air Trade Area is expected to remain flat between 2010 and 2020, from 5,313,754 people in 2009 to 5,317,755 in 2020. Projected population for Michigan is expected to increase at a CAGR of 0.2 percent between 2010 and 2020, greater than the Air Trade Area, yet lower than the 0.9 percent CAGR projected for the United States during this same period.

4.3.2 POPULATION DIVERSITY

The Air Trade Area has an ethnically diverse population, a characteristic that contributes to demand for air travel. In a global economy, ethnic diversity within a region's labor force is a distinct economic advantage because employees with cultural and linguistic ties to international markets give companies an edge in establishing trade and investment opportunities. This immigrant influx from various parts of the world has been, and continues to be, a significant component of the economy of the Air Trade Area. Key sectors in the Air Trade Area's regional economy – manufacturing, technology, and R&D - are impacted by the contribution of labor and investment from immigrant communities and entrepreneurs. An ethnically diverse population also retains family ties that create demand for air travel services to and from homeland countries.[21]

As shown in **Table 4-2**, according to U.S. Census Bureau data, approximately half of the foreign-born population residing in the Air Trade Area comes from Asia, while a quarter were born in Europe. India is the most represented country of birth of the Air Trade Area's foreign-born residents, followed by Iraq and Mexico.

The presence of major educational institutions in and around the Air Trade Area (see Section 4.3.5) also contributes to population diversity and air travel demand. For example, the University of Michigan, located in the Air Trade Area, has the sixth-largest amount of international students among all U.S. universities.[22] International enrollment at three of the largest universities in the Air Trade Area (University of Michigan in Ann Arbor and Eastern Michigan University is Ypsilanti) and nearby (Michigan State University) is summarized as follows[23]:

- In its fall 2011 semester, the University of Michigan had 5,472 international students enrolled from 124 countries
- Eastern Michigan University has an international student enrollment of 1,000 students from 87 countries
- Michigan State has enrolled international students from 130 countries

The faculty and visitors to these and the other institutions of higher learning in and around the Air Trade Area generate additional travel demand, which is likely accommodated in many cases by the Airport due to the breadth and frequency of service provided by air carriers.

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21 The Brattle Group, "The Impact on the U.S. Economy of Lifting Restrictions on Travel to Cuba," July 2002.

22 Crain's Detroit Business, "Economy Benefits from Michigan's Big Share of International Students," November 19, 2010.

23 Individual university websites, accessed June 2012.

Table 4-2 World Region of Birth of Foreign-Born Population In Air Trade Area (2010)

REGION	POPULATION	PERCENT
Asia	210,905	50.5%
Iraq	*41,888*	*10.0%*
India	*44,153*	*10.6%*
China	*20,433*	*4.9%*
Europe	102,410	24.5%
Germany	*12,397*	*3.0%*
United Kingdom	*8,543*	*2.0%*
Poland	*9,602*	*2.3%*
Latin America	59,233	14.2%
Mexico	*38,920*	*9.3%*
Jamaica	*3,325*	*0.8%*
Guatemala	*2,727*	*0.7%*
North America	28,082	6.7%
Africa	15,402	3.7%
Oceana	1,371	0.3%
Total	417,403	100.0%

SOURCE: U.S. Department of Commerce, Bureau of the Census, *American Community Survey 2010*.
PREPARED BY: Ricondo & Associates, Inc., June 2012.

4.3.3 AGE DISTRIBUTION

Table 4-3 shows that the median age in the Air Trade Area in 2010 (38.9 years) was similar to Michigan (39 years) and higher than the United States (37.2 years).

According to the U.S. Travel Association, air travel frequency in the United States varies by age group, and persons between the ages of 35 and 54 tend to travel the most by air. Persons between the ages of 35 and 54 account for 28.1 percent of air trips, while persons between the ages of 18 and 34 account for 23.5 percent of air trips, and persons 55 years and older account for 24.1 percent of air trips.[24]

Data in Table 4-3 shows that in 2010, Air Trade Area residents between the ages of 35 and 54 made up approximately 29.3 percent of the population, compared with 28.2 percent of the population of Michigan and 27.8 percent of the population of the United States. The Air Trade Area's greater percentage of the population in the age category that travels most frequently nationwide represents an important source of demand for air service at the Airport.

4.4 Economic Analysis

Data presented in the economic analysis section provide a general description of the Air Trade Area economy and its characteristics. As shown in the following sections, the Air Trade Area is home to a number of Fortune 500 companies, has seen significant recent improvement in employment rates, and has a high percentage of households in the highest income categories when compared to Michigan and the nation.

4.4.1 GROSS DOMESTIC PRODUCT

Gross domestic product, for the U.S. as a whole, and its state and MSA equivalent, gross regional product, are a measure of the market value of all final goods and services produced within a particular area for a particular period of time. These indicators are one of the broadest measures of the economic health of a particular area, and, consequently, the area's potential inbound air travel demand. However, gross regional product, particularly at the MSA level, is somewhat more difficult to accurately estimate than gross domestic product and is relatively new concept. The BEA did not introduce this concept on a MSA level of detail until 2007.

Table 4-4 presents historical gross regional/domestic product for the Air Trade Area, Michigan, and the nation between 2002 and 2011, presented in real 2005 dollars. As shown, Air Trade Area gross regional product decreased from $239,708 million in 2002 to $198,317 million in 2011. As also shown, gross regional product for the Air Trade Area decreased at a compounded annual rate of 2.1 percent between 2002 and 2011, compared to a 1.7 percent decrease for Michigan and an increase of 1.2 percent for the nation for its equivalent measure during this same period.

[24] Travel Industry Association of America, "2006 Domestic Travel Market Report."

Table 4-3 Age Distribution (2010)

	AIR TRADE AREA[2/]	STATE OF MICHIGAN	UNITED STATES
Total Population	5,213,991	9,877,574	309,349,689
By Age Group			
17 and Under	24.0%	23.7%	24.0%
18 - 34	21.2%	21.5%	23.3%
35 - 54[1/]	29.3%	28.2%	27.8%
55+	25.5%	26.6%	24.9%
Total	100.0%	100.0%	100.0%
Median Age	38.9 years	39.0 years	37.2 years

NOTES:
1/ Data from the Travel Industry Association of America shows that this age group travels more frequently by air than other age groups.
2/ Data only available for Detroit-Warren-Flint Combined Statistical Area (excludes Lenawee County).

SOURCE: U.S. Department of Commerce, Bureau of the Census, *American Community Survey 2010*.

PREPARED BY: Ricondo & Associates, Inc., June 2012.

Table 4-4 Gross Regional Product

YEAR	GROSS REGIONAL PRODUCT (millions of 2005 dollars) AIR TRADE AREA	STATE OF MICHIGAN	UNITED STATES
Historical			
2002	$239,708	$378,959	$11,400,525
2003	$242,702	$382,395	$11,692,365
2004	$236,299	$376,014	$12,138,374
2005	$235,406	$375,260	$12,554,535
2006	$227,952	$366,627	$12,958,093
2007	$227,905	$366,910	$13,241,193
2008	$212,244	$344,617	$13,099,013
2009	$199,269	$325,715	$12,701,843
2010	$198,475	$324,458	$12,644,089
2011	$198,317	$325,667	$12,679,745
Projected			
2020	$232,252	$381,366	$15,536,576
Compound Annual Growth Rate			
2002-2011	(2.1%)	(1.7%)	1.2%
2011-2020	1.8%	1.8%	2.3%

SOURCE: Woods and Poole Economics, Inc., *2012 Complete Economic and Demographic Data Source (CEDDS)*, June 2012.
PREPARED BY: Ricondo & Associates, Inc., June 2012.

Table 4-4 also presents projections of gross regional/domestic product for 2022. According to data from Woods and Poole Economics, Inc.[25] (Woods and Poole) gross regional product for the Air Trade Area is projected to increase from $198,317 million in 2011 to 232,252 million in 2022. This increase represents a CAGR of 1.8 percent during this period, compared to a 1.8 percent CAGR for Michigan and 2.3 percent for the nation for its equivalent measure.

4.4.2 PER CAPITA PERSONAL INCOME

Another key indicator regarding demand for air travel is air trade area wealth, which can be measured by assessing levels of personal income. Personal income is the sum of wages and salaries, other labor income, proprietors' income, rental income of persons, dividend income, personal interest income, and transfer payments less personal contributions for government social insurance. Personal income is a composite measurement of market potential; and indicates the general level of affluence of local residents, which corresponds to an area's ability to afford air travel, as well as an area's attractiveness to business and leisure travelers (lower income areas often have weaker business ties to the rest of the nation and a less developed tourism infrastructure).

Table 4-5 presents historical per capita personal income between 2002 and 2011 for the Air Trade Area, Michigan and the United States. As shown, between 2002 and 2011, per capita personal income for the Air Trade Area was higher than equivalent measures for Michigan but, for the most recent years, slightly lower than equivalent measures for the United States. Per capita personal income for the Air Trade Area increased at a CAGR of 2.3 percent between 2002 and 2011, compared with a 2.9 percent CAGR for Michigan and a CAGR of 3.8 percent for the United States during this same period.

Table 4-5 also presents projections of per capita personal income for 2020. According to data from Woods and Poole per capita personal income for the Air Trade Area is projected to increase at a CAGR of 4.4 percent, from $41,433 in 2011 to $61,200 in 2020. Projected growth for the Air Trade Area is higher than projections for Michigan, which is expected to grow at a 3.9 CAGR, and the United States as a whole, which is projected to grow at a slightly slower 3.8 percent CAGR. The projected greater growth of the Air Trade Area compared to Michigan and the United States as a whole is partly due to the resurgence of activity in the automobile manufacturing industry, the increase of higher income individuals, the relative stability of the higher-wage health and education sectors, and the historical lower values associated with incomes in the Air Trade Area.

An additional indicator of wealth, and thus a market's potential to generate demand for air transportation, is the percentage of households in the higher income categories. An examination of this indicator is important in that as household income increases, air transportation becomes more affordable and, therefore, is used more frequently. Table 4-5 also presents percentages of households in selected household income categories for 2011. As shown, 41.3 percent of households in the Air Trade Area had household incomes of $60,000 or more in 2011, which was significantly higher than the 37.1 percent of households in this income category for Michigan and the 36.9 percent of households in this income category nationwide.

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[25] Woods & Poole is a data vendor located in Washington, D.C. that specializes in current year economic and demographic estimates and long-term estimates for the U.S., 50 states, 3,091 counties and the District of Columbia.

Table 4-5 Per Capita Personal Income

YEAR	PER CAPITA PERSONAL INCOME (CURRENT DOLLARS)		
	AIR TRADE AREA	STATE OF MICHIGAN	UNITED STATES
Historical			
2002	$33,732	$30,262	$31,481
2003	$35,012	$31,300	$32,295
2004	$35,204	$31,768	$33,909
2005	$35,930	$32,409	$35,452
2006	$36,838	$33,365	$37,726
2007	$38,007	$34,419	$39,506
2008	$39,043	$34,551	$39,665
2009	$37,580	$35,753	$40,778
2010	$39,000	$37,975	$42,702
2011	$41,433	$39,101	$43,881
Projected			
2020	$61,200	$55,394	$61,607
Compounded Annual Growth Rate			
2002-2011	2.3%	2.9%	3.8%
2011-2020	4.4%	3.9%	3.8%

PERCENTAGE OF HOUSEHOLDS IN INCOME CATEGORIES (2010)

INCOME CATEGORY (IN 2000 DOLLARS)	AIR TRADE AREA	STATE OF MICHIGAN	UNITED STATES
Less than $29,999	28.8%	30.4%	30.7%
$30,000 to $59,999	29.8%	32.4%	32.4%
$60,000 to $74,999	11.8%	11.9%	11.7%
$75,000 to $99,999	13.1%	12.0%	11.5%
$100,000 or More	16.4%	13.2%	13.7%

NOTE: As household income increases, air transportation becomes more affordable and, therefore, is used more frequently.

SOURCE: Woods and Poole Economics, Inc., *2012 Complete Economic and Demographic Data* Source (CEDDS), June 2012.

PREPARED BY: Ricondo & Associates, Inc., June 2012.

4.4.3 LABOR FORCE TRENDS AND UNEMPLOYMENT RATES

A significant rebound from the high unemployment rates experienced in the Air Trade Area between 2009 and 2011 is underway. Based on data presented in the U.S. Department of Labor's Bureau of Labor Statistics (BLS) report titled "Over-the-Year Change in Unemployment Rates for Metropolitan Areas", released on May 30, 2012, three of the MSA's included in the Air Trade Area were ranked in the top-20 MSAs nationally (there are 372 MSAs in the United States) for year-over-year change in unemployment rates, based on preliminary data for April 2012.

Data presented in the BLS report can be summarized as follows:

- The Detroit-Warren-Livonia MSA ranked 1st nationally (tied with El Centro, CA) having experienced a 2.4 percentage point drop in the non-seasonally adjusted unemployment rate over the 12-month period, compared to a 1.0 percentage point decrease for the United States.
- The Flint MSA ranked 4th nationally (tied with 3 other MSAs) with a 2.2 percentage point drop in the unemployment rate
- The Monroe MSA ranked 19th nationally (tied with nine other MSAs including the Battle Creek and Holland-Grand Haven MSAs which are also located in Michigan) with a 1.9 percentage point decrease in the unemployment rate.

The Ann Arbor MSA, which is also included in the Air Trade, experienced at 1.1 percentage point decrease in the unemployment rate, decreasing from 6.1 percent in April 2011 to 5.0 percent in April 2012. While the percentage point change experienced in the Ann Arbor MSA ranked 135th nationally, the MSA's unemployment rate of 5.0 percent was the 15th lowest nationally in April 2012. As this BLS data indicates, each MSA included in the Air Trade Area[26] has either experienced a significant decrease in unemployment over the 12-month period referenced, or as in the case of the Ann Arbor MSA, continues to experience a very strong labor market. MSA rankings and percent changes fluctuate on a month-to-month basis (for example the Detroit MSA ranked 44th nationally based on May 2012 data with a 1.5 percentage point decrease in unemployment as compared to the 0.8 point decrease experienced by the nation), but the April 2012 to April 2011 comparison provides a good indication of the improvement in unemployment rates that had been experienced in the Air Trade Area as compared to the prior year period at that time.

Employment trends since 2002 for the Air Trade Area, Michigan, and the United States are presented in **Table 4-6**. As shown, the Air Trade Area's civilian labor force decreased from approximately 2,751,000 workers in 2002 to approximately 2,495,000 workers in 2011. During that period, Air Trade Area and Michigan civilian labor forces decreased at compounded annual rates of 1.1 percent and 0.9 percent, respectively, whereas the civilian labor force of the United States experienced positive growth during this same period with a CAGR of 0.7 percent.

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26 For the purposes of the Report, the Adrian Micropolitan Statistical Area is also included in the Air Trade Area. The BLS report does not include micropolitan areas in its analysis.

Table 4-6 Civilian Labor Force & Unemployment Rates

	CIVILLIAN LABOR FORCE (000's)		
YEAR	AIR TRADE AREA	STATE OF MICHIGAN	UNITED STATES
2002	2,751	5,040	144,863
2003	2,733	5,033	146,510
2004	2,724	5,043	147,401
2005	2,721	5,063	149,320
2006	2,710	5,071	151,428
2007	2,682	5,034	153,124
2008	2,636	4,959	154,287
2009	2,605	4,851	154,142
2010	2,545	4,747	153,889
2011	2,495	4,658	153,617
Compounded Annual Growth Rate			
2002-2011	-1.1%	-0.9%	0.7%

	NON-SEASONALLY ADJUSTED UNEMPLOYMENT RATES		
YEAR	AIR TRADE AREA	STATE OF MICHIGAN	UNITED STATES
2002	6.2%	6.2%	5.8%
2003	7.0%	7.1%	6.0%
2004	7.0%	7.1%	5.5%
2005	7.1%	6.8%	5.1%
2006	7.1%	6.9%	4.6%
2007	7.4%	7.1%	4.6%
2008	8.6%	8.3%	5.8%
2009	14.5%	13.4%	9.3%
2010	13.4%	12.7%	9.6%
2011	11.0%	10.3%	8.9%
May 2012	9.4%	8.6%	7.9%
Change from Peak	-5.0 pts.	-4.8 pts.	-1.7 pts.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics, July 2012.
PREPARED BY: Ricondo & Associates, Inc., July 2012.

As also shown in Table 4-6, annual non-seasonally adjusted unemployment rates for the Air Trade Area were below or equal to those for Michigan from 2002 to 2004, but have been above those for Michigan since 2005. Annual non-seasonally adjusted unemployment rates for the Air Trade Area were above those for the United States throughout the period since 2002. The Air Trade Area's non-seasonally adjusted unemployment rate was 9.4 percent in May 2012, having improved by 5 percentage points since its 2009 peak. The improvement in the Air Trade's Area's unemployment rate is greater than the improvement experienced by the State of Michigan (4.8 percentage point improvement) and significantly better than the United States (1.7 percentage point improvement) since their peaks in 2009 and 2010, respectively.

4.4.4 MAJOR CORPORATE HEADQUARTERS / EMPLOYERS IN THE AIR TRADE AREA

Major employers in the Air Trade Area, as measured by the number of employees, are presented in **Table 4-7**.[27] As shown, each of these organizations in the Air Trade Area had 3,000 or more employees as of December, 2011. The largest employer in the Air Trade Area is the automobile manufacturer, Ford Motor, with 38,000 employees; followed by the University of Michigan (27,754 employees); automobile manufacturers General Motors (24,867 employees) and Chrysler Group (21,927 employees); and the Henry Ford Health System (19,951 employees).

Table 4-8 presents the 14 Fortune 500 companies headquartered in the Air Trade Area.[28] Nine of the Air Trade Area's Fortune 500 companies are part of the automotive industry. Consistently appearing near the top of the rankings, Ford Motor is ranked ninth and General Motors, who was ranked fifteenth in 2009, is currently ranked fifth with approximately $136.3 billion and $150.3 billion in revenues, respectively, in 2011.

4.4.5 EMPLOYMENT BY MAJOR INDUSTRIAL SECTOR

An analysis of nonagricultural employment trends by major industry sector is presented in **Table 4-9**, which compares the Air Trade Area's employment trends to those for the nation for 2005 and 2011. As shown, nonagricultural employment in the Air Trade Area decreased from approximately 2.48 million workers in 2005 to approximately 2.17 million workers in 2011. This trend represents a compounded annual decrease of 2.2 percent during this period, compared to a decrease of 0.3 percent nationwide.

The Air Trade Area experienced a decrease in employment in all industry sectors between 2005 and 2011, with the greatest decreases occurring in the construction and manufacturing sectors. The nation's employment experienced similar but smaller decreases across most industry sectors, with the exception of increases in services and government. As also shown in Table 4-9, the Air Trade Area's percentages of nonagricultural employment in the service and manufacturing sectors in 2011 exceeds the national percentages by approximately 4.5 and 2.0 percentage points, respectively.

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27 Includes the most current (December 2011) and comprehensive list of largest employers in Livingston, Macomb, Oakland, Washtenaw, and Wayne counties. These five counties represent more than 83 percent of the Air Trade Area's population.

28 Ranking is based on the 2011 revenues listed in *Fortune* magazine's 2012 annual ranking of America's largest corporations (May 21, 2012 issue).

Table 4-7 Major Employers [1/]

EMPLOYER	NUMBER OF EMPLOYEES	PRODUCT OR SERVICE
Ford Motor Co.	38,000	Automobile Manufacturer
University of Michigan	27,754	Public University and Health System
General Motors Co.	24,867	Automobile Manufacturer
Chrysler Group L.L.C.	21,927	Automobile Manufacturer
Henry Ford Health System	19,951	Health Care System
U.S. Government	18,900	Federal Government
Trinity Health	13,123	Health Care System
St. John Providence Health System	13,004	Health Care System
Beaumont Health System	12,437	Health Care System
Detroit Medical Center	12,121	Health Care System
City of Detroit	11,396	City Government
U.S. Postal Service	11,110	Postal Service
Detroit Public Schools	10,951	Public School System
State of Michigan	9,851	State Government
DTE Energy Co.	6,342	Energy and Energy-Technology Company
Wayne State University	6,272	Public University
Blue Cross Blue Shield of Michigan/Blue Care Network	6,141	Health Care Insurer
Oakwood Healthcare Inc.	5,933	Health Care System
Comerica Bank	5,338	Financial Services Provider
Johnson Controls - Automotive Experience	4,198	Automotive Supplier, Building Control Systems and Facilities Management
Wayne County Government	3,636	County Government
Ann Arbor Public Schools	3,578	Public School District
Botsford Health Care	3,525	Health Care System
Oakland County	3,243	Government
Utica Community Schools	3,195	Public School District

NOTES:

1/ Includes the most current (December 2011) and comprehensive list of largest employers in Livingston, Macomb, Oakland, Washtenaw, and Wayne counties. These five counties represent approximately [83] percent of the Air Trade Area's population.

SOURCE: Crain's Detroit Business, *2012 Book of Lists.*
PREPARED BY: Ricondo & Associates, Inc., May 2012.

Table 4-8 Fortune 500 Companies Headquartered in the Air Trade Area 1/

COMPANY	RANK	2011 REVENUES ($ millions)	INDUSTRY
General Motors	5	$150,276.0	Motor Vehicles & Parts
Ford Motor	9	$136,264.0	Motor Vehicles & Parts
TRW Automotive Holdings	161	$16,244.0	Motor Vehicles & Parts
Lear	189	$14,156.5	Motor Vehicles & Parts
Ally Financial 2/	201	$13,642.0	Financial Services
Penske Automotive Group	222	$11,869.5	Motor Vehicles & Parts
DTE Energy	287	$8,897.0	Utilities: Gas & Electric
Autoliv	313	$8,232.4	Motor Vehicles & Parts
Visteon	321	$8,047.0	Motor Vehicles & Parts
Masco	338	$7,560.0	Home Equipment, Furnishings
BorgWarner	355	$7,114.7	Motor Vehicles & Parts
Kelly Services	441	$5,551.0	Workforce Solutions
Con-way	459	$5,290.0	Transportation and Logistics
Meritor	481	$4,990.0	Motor Vehicles & Parts

NOTES:

1/ Based on 2011 revenues.

2/ In May 2010, the former GMAC corporate entity became known as Ally Financial, Inc..

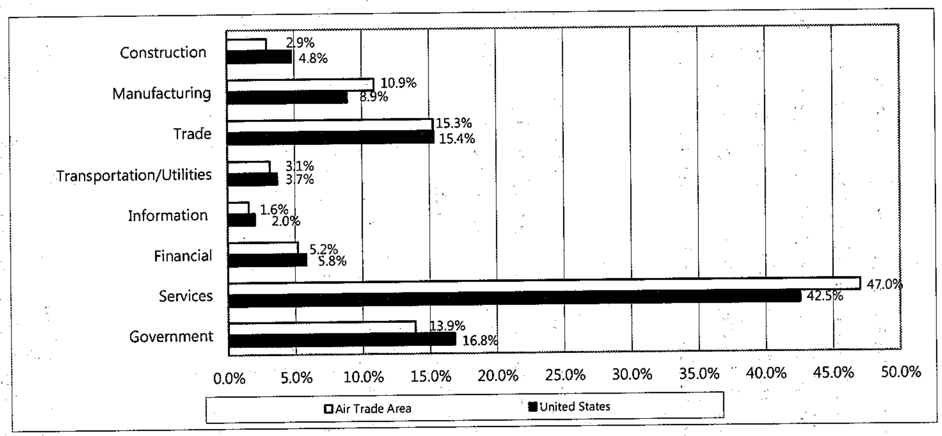
SOURCE: 2012 Fortune 500 (published May 21, 2012).

PREPARED BY: Ricondo & Associates, Inc., May 2012.

Table 4-9 Employment Trends by Major Industry Sector

	AIR TRADE AREA NONAGRICULTURAL EMPLOYMENT (000's)			UNITED STATES NONAGRICULTURAL EMPLOYMENT (000's)		
INDUSTRY	2005	2011	COMPOUNDED ANNUAL GROWTH RATE	2005	2011	COMPOUNDED ANNUAL GROWTH RATE
Construction 1/	101	64	(7.5%)	7,964	6,288	(3.9%)
Manufacturing	348	237	(6.2%)	14,227	11,733	(3.2%)
Trade	378	333	(2.1%)	21,044	20,172	(0.7%)
Transportation/Utilities	77	68	(1.8%)	4,915	4,847	(0.2%)
Information 2/	39	34	(2.4%)	3,061	2,659	(2.3%)
Financial	133	113	(2.6%)	8,153	7,681	(1.0%)
Services 3/	1,068	1,022	(0.7%)	52,537	55,877	1.0%
Government	338	303	(1.8%)	21,804	22,104	0.2%
Total	2,481	2,174	(2.2%)	133,705	131,361	(0.3%)

Percent of 2011 Nonagricultural Employment



NOTES:

1/ Includes mining employment.

2/ The information sector includes communications, publishing, motion picture and sound recording, and on-line services.

3/ The nonagricultural employment for the services sector includes outsourcing from the manufacturing sector.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics, July 2012.
PREPARED BY: Ricondo & Associates, Inc., July 2012.

A shifting of the Air Trade Area's industrial mix occurred between 2005 and 2011, as manufacturing employment decreased from 14.0 percent of total employment in 2005 to 10.9 percent in 2011; and services employment increased from 43.1 percent of total employment in 2005 to 47.0 percent in 2011. This increase in the percentage of services employment in the Air Trade Area can be partially attributed to the outsourcing of manufacturing jobs. The trends in the Air Trade Area's industrial mix were consistent with, but more pronounced than, changes in the industrial mix nationwide, as manufacturing decreased from 10.6 percent to 8.9 percent and services increased from 39.3 percent to 42.5 percent during this same period for the nation as a whole.

Services

Services employment in the Air Trade Area decreased at a compounded annual rate of 0.7 percent between 2005 and 2011 (slowest rate of decrease of any Air Trade Area industry sector between 2005 and 2011), compared to a CAGR of 1.0 percent for the nation. In 2010, the services sector accounted for approximately 1.02 million employees in the Air Trade Area, which accounted for 47.0 percent of total nonagricultural employment, the highest employment level among all sectors. Key components of the services sector within the Air Trade Area include travel and tourism, health services, and higher education.

Travel and Tourism

According to the Detroit Metro Convention and Visitors Bureau, approximately 15 million people visit the metropolitan Detroit area annually, which includes Wayne, Oakland, and Macomb counties, spending roughly $5 billion in the process. Of the total visitors to the metropolitan Detroit area, approximately 16 percent are for business travel, conventions and events.

There are approximately 35,000 hotel rooms in the metropolitan Detroit area and the central business district of Detroit offers approximately 5,115 hotel rooms. According to STR, a hotel research information company, in each year 2010 and 2011, Detroit experienced the largest hotel occupancy rate increase of the 25 largest U.S. markets. In 2010, the average occupancy rate rose 14.2 percent and in 2011 the average occupancy rate increased another 10.2 percent, ending the year at 59.8 percent comparable to the U.S. overage occupancy rate of 60.1 percent.

Health Services

The Air Trade Area offers 64 hospitals with over 11,000 physicians working in more than 80 specialty and sub-specialty areas. Four Air Trade Area hospitals earned a "Best Hospitals" ranking in 2010-2011 by *U.S. News and World Report*, with numerous hospitals earning top rankings in multiple categories. The Air Trade Area offers a wide range of advanced healthcare facilities and is recognized internationally for its expertise in such areas as heart disease, stroke, cancer, trauma, and pediatrics. Major medical facilities and systems in the Air Trade Area include:

- **Henry Ford Health System.** This health system is comprised of the Henry Ford Hospital, Henry Ford Wyandotte Hospital Henry Ford Macomb Hospital, the Henry Ford Kingswood Hospital, and the new Henry Ford West Bloomfield Hospital. In total, the Henry Ford Health System employs 19,951 employees in the Air Trade Area (the fifth-largest employer in the Air Trade Area) and has approximately 2,275 licensed beds. Henry Ford Hospital, the health system's flagship facility, has been recognized by *U.S. News and World Report* as one of the top hospitals in the nation for six different specialty areas.

- **William Beaumont Hospitals.** This health system is comprised of three hospitals in Royal Oak, Troy and Grosse Pointe. The Royal Oak facility is a major, 1,061-bed academic and referral center with Level 1 trauma status. In total, William Beaumont Hospitals employs 12,437 employees in the Air Trade Area (the ninth-largest employer in the Air Trade Area), has more than 3,700 affiliated physicians and approximately 1,744 licensed beds. In 2010, Oakland University and William Beaumont Hospital received accreditation to open an allopathic medical school to be called Oakland University William Beaumont Medical School.
- **St. John Providence Health System.** This health system is affiliated with Wayne State, Michigan State, and Oakland Universities and is comprised of seven hospitals plus more than 125 medical facilities in southeast Michigan. In total, St. John Providence Health System employs approximately 13,000 employees in the Air Trade Area (the eighth-largest employer in the Air Trade Area) and has approximately 1,981 licensed beds. Providence Hospital has been ranked as one of the nation's top 15 major teaching hospitals by one of the country's leading sources of health care information and research.
- **The Detroit Medical Center.** This medical center is affiliated with Wayne State University and is comprised of the Children's Hospital of Michigan, Detroit Receiving Hospital, Harper University Hospital, Huron Valley-Sinai Hospital, Hutzel Women's Hospital, Kresge Eye Institute, DMC Surgery Hospital, Rehabilitation Institute of Michigan, and Sinai-Grace Hospital. The Medical Center is also affiliated with the Karmanos Cancer Institute, which operates one of 40 comprehensive cancer centers designated by the National Cancer Institute and has one of the nation's largest and most acclaimed bone marrow transplant programs. In total, the Medical Center employs 12,121 employees in the Air Trade Area (the 10th-largest employer in the Air Trade Area), has more than 1,800 licensed beds, and has more than 3,000 affiliated physicians with hundreds of who are regularly included in the list of "America's Best Doctors."
- **Trinity Health System.** This health system is the fourth-largest Catholic health system in the United States. Trinity Health System has 19 ministry organizations that encompass 47 hospitals, 379 outpatient clinics/facilities, numerous long-term care facilities, home health and hospice programs, and senior housing communities in nine states (including Michigan). In total, Trinity Heath System employs 13,123 employees in the Air Trade Area (the sixth-largest employer in the Air Trade Area).

Other major medical facilities and systems in the Air Trade Area, based on number of licensed beds, include: Oakwood Healthcare (1,253 licensed beds); the University of Michigan Health System (930 licensed beds); McLaren Regional Medical Center (404 licensed beds); Botsford Hospital (330 licensed beds); POH Regional Medical Center (328 licensed beds); and Garden City Hospital (323 licensed beds).

Higher Education

Higher education in the Air Trade Area is provided by numerous universities, colleges and community colleges. The largest universities, based on the number of enrolled students, include:

- **University of Michigan.** Founded in 1817, this university was the nation's first state university. With three campuses that include approximately 45,000 enrolled students, the University of Michigan's undergraduate program was recently ranked in the top 20 by *U.S. News and World Report's* annual list of top universities. This magazine also ranked the University's law school 10th in the nation and the medical school 10th in the nation based on research. The university's main campus is located in Ann Arbor, less than 30 miles from the Airport, and offers 19 different schools and colleges. The smaller Flint and

Dearborn campuses offer 5 and 4 different schools and colleges, respectively. In addition, the University of Michigan is the second-largest employer in the Air Trade Area with 27,754 employees.

- **Wayne State University.** Established in 1868, this university has approximately 31,000 enrolled students. The University offers more than 400 undergraduate, post-bachelor's, master's, doctoral, professional, specialist and certificate programs in 13 schools and colleges. Wayne State University is a major employer in the Air Trade Area with approximately 6,272 employees.
- **Eastern Michigan University.** This public institution was established in 1849 and offers programs in arts and sciences, business, education, health and human services, and technology. The University is located on a 400-acre campus east of Ann Arbor and has approximately 23,000 enrolled students.
- **Oakland University.** Founded in 1957, this public university consists of six schools and a new School of Medicine whose inaugural class matriculated in 2011. With approximately 15,000 enrolled students, this liberal arts and professional institution primarily serves commuter students. The campus is approximately 1,400 acres and is located north of Detroit.

The Air Trade Area continues to be recognized for its excellence in the field of engineering. *U.S. News and World Report* recently ranked Kettering University's mechanical engineering department as the second-best in the nation. Formally the GMI Engineering and Management Institute, Kettering University offers specialized undergraduate and graduate programs to approximately 2,000 enrolled students studying to become innovators in engineering, business, science and math. Due to the vast number of higher education opportunities and the manufacturing driven economy in the Air Trade Area, the *American Association of Engineering Societies* has ranked Michigan fourth in the nation for the number of engineering bachelor's degrees.

Located within the Air Trade Area, Macomb and Oakland community colleges are among the largest community colleges in the nation. Macomb Community College (MCC) has approximately 59,000 enrolled students annually and offers associate degree courses in general education, liberal arts, business, public service, health and human services, technologies, and apprenticeship training. With approximately 77,000 enrolled students annually, Oakland Community College (OCC) provides academic, technical-vocational, general, and continuing education opportunities to youth and adults. Both colleges have an open admission process therefore numbers are estimates.

The Air Trade Area and the demand for air carrier activity at the Airport are also impacted by major universities located outside the Air Trade Area. Michigan State University, located approximately 90 miles from the Airport in East Lansing, has a total enrollment of approximately 48,000 students and ranks in the top ten nationally in terms of total undergraduate enrollment. The University of Toledo is located approximately 60 miles from the Airport and has a total enrollment of approximately 23,000 students. Although these universities are located outside the Air Trade Area, it is likely that because of the breadth and frequency of air service offered at the Airport that their students, faculty, and visitors often use the Airport when travelling to the area.

Trade

Trade employment in the Air Trade Area decreased at a compounded annual rate of 2.1 percent between 2005 and 2011, compared to an average annual decrease of 0.7 percent for the nation during this same period. In 2011, the trade sector accounted for approximately 333,000 employees in the Air Trade Area, which accounted for 15.3 percent of total nonagricultural employment. Of the Air Trade Area employees in the trade sector, approximately 72 percent were engaged in retail trade.

One indicator of growth in the trade sector is retail sales, defined as all net sales (gross sales minus refunds and allowances for returns) for establishments engaged primarily in retail trade. **Table 4-10** presents total retail sales for the Air Trade Area, Michigan and the United States between 2002 and 2011. As shown in Table 4-10, between 2002 and 2007 total retail sales in the Air Trade Area grew at a CAGR of 1.3 percent, similar to Michigan's CAGR at 1.5 percent, and less than the CAGR the United States experienced during this period, 2.5 percent. Between 2007 and 2011, as the recession took hold, Air Trade Area retail sales decreased at a compounded annual rate of 3.6 percent, greater than the decrease that both Michigan and the United States experienced during this period (3.2 and 1.0 percent decreases, respectively).

Table 4-10 also presents projections of total retail sales for 2020. According to data from Woods and Poole total retail sales for the Air Trade Area are projected to increase from approximately $74.2 billion in 2011 to approximately $81.4 billion in 2020. This increase represents a CAGR of 1.0 percent, compared to a similar CAGR for Michigan at 1.1 percent and a 2.0 percent CAGR for the United States.

International trade is a vital component of the Michigan and the Air Trade Area economies. According June 2012 data from the U.S. Department of Commerce's International Trade Administration, over one quarter (26.9 percent) of Michigan manufacturing jobs are dependent upon international trade. Export-supported jobs linked to manufacturing account for approximately 6.4 percent of Michigan's total private-sector employment. Michigan's export shipments of merchandise totaled $51.0 billion in 2011, eighth most of any state in the nation. While transportation equipment[29] accounted for approximately $23.6 billion, or approximately 46.3 percent, of Michigan's export shipments in 2011, more than half of the state's total merchandise exports came from among a range of categories the most significant of which were machinery ($4.6 billion), chemicals ($4.1 billion), primary metal manufacturers ($3.0 billion), and computers and electronic products ($2.6 billion).

Based on the most recent data available from the International Trade Administration (as of March 2012), the Detroit-Warren-Livonia MSA, which accounted for over 80 percent of the Air Trade Area's population in 2010, ranked as the fourth largest export market in the United States with merchandise shipments totaling approximately $44.0 billion (or over 70 percent of Michigan's exports in that year). Based on 2010 data, the Detroit metropolitan area ranked among the major exporters of transportation equipment as well as machinery, electrical equipment, fabricated metal products, and plastics and rubber products. Among the top metropolitan exporters, the Detroit-Warren-Livonia MSA experienced the highest rate of growth in merchandise exports between 2009 and 2010 with exports growing by 55 percent over the period.

29 As defined by the World Customs Organization in the Harmonized Commodity Description and Coding System, this category includes motor vehicles, rail cars, aircraft, and ships, boats, and other floating structures.

Table 4-10 Total Retail Sales

(In 2005 Dollars, Amounts in Millions)

YEAR	AIR TRADE AREA	STATE OF MICHIGAN	UNITED STATES
Historical			
2002	$74,688	$129,053	$3,642,407
2003	$75,848	$131,215	$3,726,425
2004	$78,048	$135,158	$3,869,229
2005	$79,638	$138,059	$3,991,081
2006	$80,449	$139,673	$4,083,924
2007	$79,787	$138,819	$4,112,059
2008	$75,229	$131,213	$3,945,107
2009	$68,640	$119,849	$3,651,659
2010	$70,917	$123,969	$3,818,137
2011	$74,197	$129,978	$4,033,925
Projected			
2020	$81,426	$143,767	$4,810,490
Compounded Annual Growth Rate			
2002 - 2007	1.3%	1.5%	2.5%
2007 - 2011	-3.6%	-3.2%	-1.0%
2011 - 2020	1.0%	1.1%	2.0%

SOURCE: Woods and Poole Economics, Inc., *2012 Complete Economic and Demographic Data Source (CEDDS)*, June, 2012.
PREPARED BY: Ricondo & Associates, Inc., June 2012.

Similarly, businesses in the Air Trade Area have taken advantage of overseas markets and expanded their operations internationally. Many of the Air Trade Area's top companies (e.g., Ford Motor) depend on offshore plants and suppliers for manufacturing and assembly as well as raw materials. This expanding international business activity generates demand for both international air travel and air freight services. In the last twelve months, the restructuring and resurgence of the General Motors (GM) plant and headquarters in Michigan have seen them grow from 15th in the Fortune 500 companies located in the Air Trade Area to fifth, surpassing Ford who has remained static at ninth. The decision to restructure GM has resulted in an increase in both job levels, now ranked third in the state, as well as the requirement for international business importing and exporting as production of vehicles ramps up.

Government

Government employment in the Air Trade Area decreased at a compounded annual rate of 1.8 percent between 2005 and 2011, compared to a CAGR of 0.2 percent for the nation. In 2011, this sector accounted for approximately 302,000 employees in the Air Trade Area, which accounted for 13.0 percent of total nonagricultural employment.

As shown in Table 4-7, six governmental agencies are among the major employers in the Air Trade Area, including: the United States Government (18,900 employees); the City of Detroit (11,396 employees); the United States Postal Service (11,110 employees); the State of Michigan (9,851 employees); the Wayne County Government (3,636 employees) and the Oakland County Government (3,243 employees).

Selfridge Air National Guard Base is an Air National Guard installation located in the Air Trade Area. The host organization is the 127th Wing of the Michigan Air National Guard, but a variety of Air Force, Navy, Marine Corps, Coast Guard, and Army reservists and national guardsmen use the facility as well.

Both Macomb County and Washtenaw counties have significant defense industry clusters. In Macomb County there are nearly 500 companies performing defense contract business including General Dynamics, BAE Systems, and Burtek Incorporated. The U.S. Army Tank Automotive Research, Development and Engineering Center (TARDEC) is also located in Macomb County.

Manufacturing

Although manufacturing employment in the Air Trade Area decreased significantly between 2005 and 2011, which also occurred nationwide to a far lesser extent during the same period, manufacturing continues to be an important component of the Air Trade Area's economy. In 2011, the manufacturing sector accounted for approximately 237,000 employees in the Air Trade Area, which accounted for 10.9 percent of total nonagricultural employment.

The Air Trade Area's continues to be known as "The Automotive Capital of the World" due to the significant amount of automobile manufacturing that occurs. In 2011, the Air Trade Area produced 1.56 million vehicles, accounting for 82 percent of all Michigan production, and approximately 18 percent of the overall United States production. Nearly 20 of the top 100 global automotive suppliers are headquartered in the Air Trade Area, with approximately 90 of them having an office presence in the Air Trade Area. As shown in Table 4-7, the three of the top four major employers in the Air Trade Area are automobile manufacturers: Ford Motor with 38,000 employees; General Motors with 24,867 employees; and Chrysler Group with 21,927 employees.[30] The automotive supplier Johnson Controls also appears on this list of major employers in the Air Trade Area with 4,198 employees. Automotive-related companies that have announced and/or completed manufacturing-related expansions in the Air Trade Area in recent years include the following:

- **General Motors.** GM announced in November 2011 that it plans to invest $325 million to support new electric vehicle component production at its plant in Warren. It is anticipated to create or retain approximately 418 jobs. In May 2011, GM announced an investment of $109 million to support production of its 1.4 liter Ecotec vehicle at both the Flint and Bay City plants. The investment is expected to create approximately 96 new jobs.
- **Ford Motor**. In October 2010, Ford announced that it would invest $850 million dollars in two Air Trade Area factories between 2011 and 2013. The plants will design and build fuel-efficient six-speed transmissions that will be offered company-wide by 2013. The investment is expected create 1,200 full-time jobs by 2013. In March 2011, Ford completed approximately $550 million in renovations to its Michigan Assembly Plant, located in the Air Trade Area, and began production of gasoline-powered, battery electric, hybrid electric, and plug-in electric vehicles on the same production line. These renovations enable the plant to use lean, flexible, and environmentally friendlier manufacturing techniques which will allow Ford to respond quickly to changing market demand.
- **Chrysler Group.** In October 2011, Chrysler announced an investment of $165 million to add a new one-million square foot body shop to its Sterling Heights Assembly Plant. This follows the announcement from December 2010 which stated the company would invest $850 million in a new paint shop for the same plant. Some of this money is to be invested in stamping facilities in Warren and Sterling Heights. It is anticipated the investments will secure over 1,100 jobs.
- **Lear Corp. and Comer Holdings.** In August 2010, these two companies announced plans to open a new assembly plant in the city of Detroit, potentially creating more than 200 manufacturing jobs as early as next year. The plant is expected to produce seating parts, exterior mirrors and other vehicle components.
- **Weber Automotive.** In early 2011, Weber Automotive, a German automotive supplier, moved a segment of its operations to Auburn Hills, in the Air Trade Area. The company is expected to hire approximately 120 employees at this location within the first two years and a total of approximately 260 employees over the next five years.

In recent years, the Air Trade Area has experienced a shift in emphasis from automobile manufacturing to testing facilities and R&D. Michigan ranks second in the nation for total R&D spending and is the leading state for automotive-related R&D activity, which accounts for approximately $12.4 billion annually. According to the Detroit Regional Chamber, each of the Global Six automotive manufacturers have major research and development facilities in the Detroit Region, namely General Motors Technical Center (located in Warren), Ford Motor Company (Dearborn), Chrysler Group LLC (Auburn Hills), Toyota Technical Center (Ann Arbor), Honda Technical Center (Southfield), and Nissan USA (Farmington Hills). In total, there more than 375 automotive-related R&D, technology, or engineering facilities in the Air Trade Area, which is evolving the Air

[30] The major automotive manufacturers in the Air Trade Area have experienced significant job reductions in recent years due to the slowdown of the automotive industry. Employment levels shown may not reflect recent changes.

Trade Area into a global "think tank" for new technology in the automotive industry. Based on an analysis of 2010 R&D spending conducted by Booz & Company in late 2011, four of the Global Top 20 R&D spenders were automotive manufacturers. Of those four automotive manufacturers, Toyota (ranked 6th globally), General Motors (ranked 9th globally), and Honda (ranked 17th globally) had major R&D facilities in the Detroit region.

In addition to the automotive industry, R&D activities by major universities and manufacturing and R&D activities for the life sciences industry are also a significant component of the Air Trade Area's economy. According to the Detroit Regional Chamber, more than 70 major life sciences companies are located within the Air Trade Area. State-wide, there are approximately 542 life sciences companies with nearly 32,000 employees and total annual sales of $4.8 billion. The University of Michigan is also investing $900 million in its life sciences R&D effort. The University's 230,000 sq. ft. Life Sciences Institute houses 450 staff members, including 150 students and 29 faculty, who have obtained over $150 million in research grants and published approximately 650 papers.

Based on the most recent available data from the U.S. National Science Foundation, which covers the federal fiscal year 2010 period, the University of Michigan in Ann Arbor ranked first in R&D spending among the nation's public universities and colleges[31], the second straight year in which it had achieved that ranking. R&D spending at the University of Michigan (excluding Dearborn and Flint campuses) totaled approximately $1.18 billion in 2010, increasing approximately 18.3 percent over 2009 levels. The primary sources of funds for R&D spending at the university included the U.S. Department of Health and Human Services ($530.8 million), the National Science Foundation ($66.9 million), the Department of Defense ($63.7 million), and the Department of Energy ($27.1 million). For the university's fiscal year 2011, which ended June 30, 2011, the University of Michigan reported R&D expenditures totaling approximately $1.24.

The importance of R&D and innovation in the Air Trade Area is highlighted by the opening of the first ever satellite office of the U.S. Patent and Trademark Office (USPTO) in Detroit in July 2012. The Detroit office is the first of four satellite offices that the USPTO plans to open, with the other offices planned for Dallas, Denver, and the Silicon Valley. The USPTO noted that the selection of the four sites for satellite offices was based on "a comprehensive analysis of criteria including geographical diversity, regional economic impact, potential ability to recruit and retain employees, ability to engage the intellectual property community, and extensive public comment." The Detroit USPOT office will create approximately 120 jobs in its first year of operations.[32]

Financial

The financial sector comprises financial, insurance, and real estate services. Financial employment in the Air Trade Area decreased at a compounded annual rate of 2.6 percent between 2005 and 2011, compared to a

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31 Johns Hopkins University, a private institution, was the only university with total R&D expenditures greater than the University of Michigan.

32 U.S. Department of Commerce, Office of Public Affairs, "U.S. Patent and Trademark Office Opens First-Ever Satellite Office in Detroit, Michigan," July 13, 2012.

decrease of -1.0 percent for the nation. In 2011, the financial sector accounted for approximately 113,000 employees in the Air Trade Area, which accounted for 5.2 percent of total nonagricultural employment.

As shown in Table 4-7, two financial sector companies are among the major employers in the Air Trade Area: the insurance provider Blue Cross Blue Shield of Michigan/Blue Care Network, with approximately 6,141 employees, and the banking institution Comerica, with approximately 5,338 employees.

Based on Federal Deposit Insurance Corporation data, JPMorganChase is the largest banking institution in the Air Trade Area with approximately $22.7 billion in deposits and 22 percent of the deposits in the Air Trade Area as of June 30, 2011. Other institutions with a significant portion of the Air Trade Area bank deposit market share include: Comerica (19.4 percent), Bank of America (12.4 percent), and PNC Bank (10.8 percent).

Table 4-11 presents total bank deposits for the Air Trade Area, Michigan, and the nation between 2000 and 2011. Total bank deposits are an indicator of the economic activity of the financial sector. As shown, total bank deposits in the Air Trade Area increased from approximately $73.2 billion in 2000 to approximately $102.8 billion in 2011.[33] This increase represents a CAGR of 2.7 percent during this period, which was higher than that for Michigan yet lower than that for the nation (CAGRs of 2.5 and 6.7 percent, respectively) during this same period.

Construction

Construction employment in the Air Trade Area decreased at a compounded annual rate of 7.5 percent between 2005 and 2011, compared to a decrease of 3.0 percent for the nation. In 2011, the construction sector accounted for approximately 64,000 employees in the Air Trade Area, which accounted for 2.9 percent of total nonagricultural employment.

Both building permits and housing prices are indirect indicators of employment in the construction sector. As shown in **Table 4-12** Air Trade Area residential building permit units and valuation experienced two cycles over the 2002 to 2011 period that differed from the experience of the United States as a whole. From 2002 until the peak of the most recent residential real estate building cycle in 2005, the Air Trade Area's residential building permit units decreased at a compounded annual rate of -5.8 percent (compared to a 7.2 percent CAGR for the United States) and building permit valuation decreased at a compounded annual rate of -0.5 percent (compared to a 14.5 percent CAGR for the United States). From 2005 through 2009, the Air Trade Area's residential building permit units decreased at a compounded annual rate of -45.1 percent (compared to a decrease of -27.9 percent for the United States) and building permit valuation decreased at a compounded annual rate of -42.0 percent (compared to a decrease of -26.6 percent for the United States). However, from 2009 to 2011, residential building permit units and valuation have shown a resurgence following the low in 2008. Between 2009 and 2011, the Air Trade Area has experienced a 46.4 percent growth in building permit units compared with 3.5 percent for the United States as a whole. The building permit valuation also experienced a resurgence during the period 2009 to 2011, with the Air Trade Area increasing at a rate of 45.5 percent compared to a 5 percent growth for the whole United States.

33 Twelve months ending June 30th for the years depicted in Table 4-11.

Table 4-11 Total Bank Deposits

	TOTAL BANK DEPOSITS ($000,000)		
FISCAL YEAR	**AIR TRADE AREA**	**STATE OF MICHIGAN**	**UNITED STATES**
Historical			
2002	$80,663	$126,598	$4,606,092
2003	$89,147	$137,104	$5,132,110
2004	$87,044	$136,073	$5,464,782
2005	$88,443	$139,351	$5,933,763
2006	$99,176	$152,588	$6,449,864
2007	$101,151	$154,684	$6,702,053
2008	$103,925	$157,224	$7,025,791
2009	$108,762	$163,767	$7,559,590
2010	$99,416	$155,698	$7,676,878
2011	$102,755	$157,684	$8,249,233
Compounded Annual Growth Rate			
2002-2011	2.7%	2.5%	6.7%

NOTE: Fiscal Year Ending June 30th.

SOURCE: Federal Deposit Insurance Corporation (FDIC), *Summary of Deposits Report*, June 2012.
PREPARED BY: Ricondo & Associates, Inc., June 2012.

Table 4-12 Residential Building Permits and Valuation -- 2002 - 2011

(Dollar Amounts in Thousands)

	AIR TRADE AREA		STATE OF MICHIGAN		UNITED STATES	
YEAR	**UNITS**	**VALUATION**	**UNITS**	**VALUATION**	**UNITS**	**VALUATION**
2002	25,251	$3,457,878	49,968	$6,371,831	1,747,678	$219,188,681
2003	26,383	$3,717,077	53,913	$7,052,549	1,889,214	$249,693,105
2004	28,633	$4,272,219	54,721	$7,624,595	2,070,077	$292,413,691
2005	21,106	$3,406,384	45,328	$6,642,418	2,155,316	$329,254,468
2006	11,445	$1,941,661	29,191	$4,492,911	1,838,903	$291,314,492
2007	6,016	$1,080,276	17,767	$2,908,219	1,398,415	$225,236,551
2008	3,424	$619,601	10,911	$1,792,236	905,359	$141,623,457
2009	1,918	$385,689	6,884	$1,172,901	582,963	$95,410,298
2010	3,875	$686,072	9,075	$1,553,300	604,610	$101,943,061
2011	4,113	$816,946	9,341	$1,688,198	624,061	$105,268,541
Compounded Annual Growth Rate						
2002-2005	-5.8%	-0.5%	-3.2%	1.4%	7.2%	14.5%
2005-2009	-45.1%	-42.0%	-37.6%	-35.2%	-27.9%	-26.6%
2009-2011	46.4%	45.5%	16.5%	20.0%	3.5%	5.0%

SOURCE: U.S. Department of Commerce, Bureau of the Census, June 2012.
PREPARED BY: Ricondo & Associates, Inc., June 2012.

According to a March 2012 S&P/Case-Shiller Home Price Index report, Detroit metropolitan area home prices are down 47.8 percent since the local market peak in December 2005 (versus a 34.6 percent decrease from peak nationally). The S&P/Case-Shiller Home Price Index report indicates the recovery experienced in Detroit metropolitan area home prices towards the end of 2011 appears to have flattened out. A S&P/Fiserv report from February 2012 indicates that house prices in the Air Trade Area are up 1.5 percent over the year-ago period. According to the S&P/Fiserv forecast, prices are projected to increase 33.1 percent over the next three years, one of the fastest rates of increase projected for all United States metropolitan areas. The projected increase in home values is partially attributable to the growing prevalence of short sales over foreclosures and international interest in the residential property market.

In June 2012, Michigan and Canada entered into an agreement to build the New International Trade Crossing (NITC), a $2 billion bridge spanning the Detroit River and connecting Detroit and Windsor, Ontario. This project, if constructed, would be one of the largest construction projects in the region and would be expected to have significant economic benefits to the Detroit and the Southeastern Michigan. The Center for Automotive Research (CAR) released a study in June 2012 that used an economic model to estimate the economic benefits that would accrue to the region as a result of building the NITC, which will provide a second crossing between Michigan and Canada[34]. The CAR analysis estimates that the construction of the NITC would have the following impacts:

- Create approximately 6,000 jobs in each of the first two years of construction, and 5,100 jobs for each of the final two years of construction in Michigan
- Increase Michigan gross state product by $1.5 billion over four years
- Increase Michigan personal income by $1.5 billion over four years
- Michigan state revenues increase by $150 million over four years

In addition, the CAR study estimates that the operation of the NITC will create approximately 1,400 permanent jobs and that new private investment spurred by the project will create an additional 6,800 permanent jobs.

Transportation / Warehousing

Transportation/utilities employment in the Air Trade Area decreased at a compounded annual rate of 1.8 percent between 2005 and 2011, compared to a decrease of 0.2 percent for the nation. In 2011, the transportation/utilities sector accounted for approximately 68,000 employees in the Air Trade Area, which accounted for 3.1 percent of total nonagricultural employment.

The well-developed transportation infrastructure in the Air Trade Area is diversified and is a significant catalyst for attracting new and expanded businesses to the region. The Air Trade Area is home to one of the largest foreign trade zones in North America and offers seven international border crossings. These border crossings include the Ambassador Bridge in Detroit and the Blue Water Bridge in Port Huron, the first and fourth busiest

[34] "Analysis of the Economic Contribution of Constructing the New International Trade Crossing: A New Bridge Linking Detroit and Windsor," Center for Automotive Research, June 2012.

border crossings, respectively, in North America. According to the Foreign Trade Division of the U.S. Department of Commerce's Bureau of the Census, the Detroit Customs District is ranked third when compared with all freight gateways (land, air, and sea) in the United States for the value of its exports and imports with approximately $219.3 billion in 2009.

Air transportation demand in the Air Trade Area is primarily serviced by the Airport. Freight rail service is also a significant component of the Air Trade Area's infrastructure as the Area is served by four of the seven national Class I railroads in the United States. According to the United States Department of Transportation's Bureau of Transportation Statistics, the Port of Port Huron ranked third and the Port of Detroit ranked fourth nationally in total loaded rail container border crossings 2011 with approximately 232,000 and 155,500 loaded rail containers, respectively. Limited passenger rail service is provided by Amtrak. In addition, the Air Trade Area maintains a vast integrated highway and freeway infrastructure that consists of six interstates, 24 highways, four United States routes, and 21 state routes. Michigan's highway infrastructure was built and maintained for industrial use and is toll-free. According to the Michigan Department of Transportation's 2010-2014 Transportation Program, approximately $3.8 billion will be invested into the highway infrastructure for improvements over the next five years.

The Air Trade Area's utilities infrastructure is also well-developed and capable of supporting the demanding needs of the region's economy, particularly in the automotive industry. In order to keep utility rates affordable, the Air Trade Area's utilities market is open to alternative providers for electricity, natural gas, and telephone. As shown earlier in Table 4-7, DTE Energy, a diversified energy company headquartered in the Air Trade Area, is the largest employer in the transportation/utilities sector of the Air Trade Area with approximately 6,642 employees.

The Air Trade Area is also a leader in alternative energy research. There are more than 100 corporations in the Air Trade Area focused on alternative energy and power generation. One prominent organization, NextEnergy, was founded in 2002 to serve as a research and federal grant catalyst, business incubator and accelerator for clean-energy technologies. Since its founding, NextEnergy has been awarded more than $50 million in grants (which flow through NextEnergy to tenants and subcontractors) and has helped local alternative-energy companies find more than $90 million in funding.[35]

Information

The information sector combines traditional publishing, motion picture and sound recording, broadcasting, software, online services and data processing. Information sector employment in the Air Trade Area decreased at a compounded annual rate of 2.4 percent between 2005 and 2011, compared to a decrease of 2.3 percent for the nation. In 2011, the information sector accounted for approximately 34,000 employees in the Air Trade Area, which accounted for 1.6 percent of total nonagricultural employment.

35 Crain's Detroit Business, "Green Businesses Find Homes at NextEnergy," October 3, 2010.

In order to promote the growth of information and technology based companies and jobs, Michigan created "SmartZones," which is a designated cluster of new and emerging businesses primarily focused on commercializing ideas, patents, and other opportunities. This collaboration consists of universities, industry, research organizations, government, and other community institutions. The Air Trade Area offers six SmartZones. The Air Trade Area's most prominent research and technology park, TechTown, is located within the Woodward Technology Corridor SmartZone. This 12-square-block entrepreneurial village was created in partnership with Wayne State University, a major research institution, and is an incubator that provides support and access to the capital needed to build high-technology based companies and also serves as a developer that facilitates commercial and residential projects.

A recent, related Air Trade Area initiative to reposition the local economy around new information and technology-related businesses is the formation of the Business Accelerator Network for Southeast Michigan. Comprised of the region's four key business accelerators - Ann Arbor SPARK, Automation Alley, Macomb-OU INCubator, and the TechTown initiative discussed above - these business accelerators have invested in 339 start-up companies, having investing more than $18 million to-date, created more than 1,000 jobs, and secured more than $101.2 million in additional capital for the companies.

One aspect of the Air Trade Area's information sector that has received particular attention in recent years is the film industry. According to the Michigan Film Office, producers have spent nearly $1 billion in the state since the tax rebates began in 2008. Tax rebates paid out to date, as of March 2012, is approximately $160 million, with a further $230 million eligible for payout. About 80% of these shoots take place in and around the Air Trade Area. In 2011 alone, the key projects for film production in Michigan resulted in spending somewhere in the region of $200 million, creating approximately 3,350 Michigan jobs alone.

4.4.6 OTHER REGIONAL CONSIDERATIONS

The Air Trade Area's travel and tourism industry is served by a variety of cultural centers, museums, theaters, historical sites, attractions, and annual events. In addition, numerous sports and recreational activities are available throughout the Air Trade Area. These regional attractions and activities not only complement the quality of life of Air Trade Area residents but also attract visitors to the region generating economic activity and additional travel demand.

Travel and Tourism

The Air Trade Area offers more than 30 cultural centers and museums, including: the recently renovated Detroit Institute of Arts, which is the sixth-largest fine arts museum in the nation; the Charles H. Wright Museum of African American History, which houses the largest collection of African American art and artifacts in the world; the Holocaust Memorial Center, which was the first of its kind; The Henry Ford Museum and Greenfield Village, an American history museum; and the Motown Historical Museum that includes displays of album covers, gold records, and other Motown music memorabilia.

With 18 professional, 21 community, and eight student/university theaters, music and theater are an important component of the Air Trade Area. Some of the most popular venues for theater and entertainment in the Air Trade Area include: the Fox Theater, a venue that stages Broadway plays, movies, and entertainers; the Fisher Theatre, which also presents Broadway plays; the Masonic Temple that serves the area Masons and features concerts; the Detroit Opera House, the venue of the Michigan Opera Theater; and the Max M. Fisher Music Center where the highly acclaimed Detroit Symphony Orchestra usually performs.

The history of the Air Trade Area can be experienced at the Crossroads Village and Huckleberry Railroad, a 51-acre village featuring 34 historical structures, the Genesee Belle (a replica of the paddle wheel boats from the Mark Twain era), and other time period aspects of the 1800's. The Air Trade Area also offers tours of the automobile baron's homes, including the Edsel and Eleanor Ford House, a Cotswold-style home on 87-acres that preserves architecture from the 16th, 17th, and 18th centuries; the Henry Ford Estate, the final home of the pioneer of the Ford Motor Company; and the Meadow Brook Hall estate, an 88,000 square foot Tudor-style mansion that is the fourth-largest historic house museum in the United States.

The North American International Auto Show (NAIAS) is an annual event held in the Air Trade Area that attracted more than 770,000 visitors in 2012. The NAIAS includes world-class vehicle unveilings, media coverage, and unique exhibits from leading manufacturers in the automotive industry. Generating an economic impact in the Air Trade Area of approximately $325 million, the 2012 NAIAS featured more than 40 vehicle unveilings before approximately 5,200 members of the media from more than 60 countries.

Sports and Recreational Activities

The Air Trade Area offers four professional sports teams: Major League Baseball's (MLB) Detroit Tigers, runner-up in the 2006 World Series and in 2011 finished two games shy of attending another World Series; the National Basketball Association's (NBA) Detroit Pistons, winner of three NBA titles, most recently the 2004 NBA championship; the National Football League's (NFL) Detroit Lions; and the National Hockey League's (NHL) Detroit Red Wings, 1997, 1998, 2002 and 2008 Stanley Cup champions. Collegiate sports in the Air Trade Area are represented by the University of Michigan Wolverines, whose National Collegiate Athletic Association's (NCAA) football games generate crowds of more than 100,000 for home games. University of Detroit-Mercy, Oakland University, Eastern Michigan University and Wayne State University also offer competitive NCAA sports in the Air Trade Area.

In addition to sports teams based in the area, the Air Trade Area also hosts national and international sporting events generating travel demand and regional economic benefits. The Air Trade Area hosted the 2004 Ryder Cup golf tournament, MLB's All-Star Game in 2005, the NFL's Super Bowl XL in 2006, World Wrestling Entertainment's WrestleMania in 2007, the 2008 Professional Golfers' Association's PGA Championship, the NCAA Division I Men's Basketball 2009 Final Four Tournament, and the 2010 NCAA Division I Men's Hockey Frozen Four Tournament. An analysis conducted by *Crain's Detroit Business* estimated that these events combined to generate a cumulative economic impact in the Air Trade Area of approximately $221 million.

Outdoor recreation opportunities in the Air Trade Area include golfing, boating, skiing and snowmobiling, and a variety of parks. Michigan has more public golf courses than any other state in the nation. In the Air Trade Area, there are approximately 170 public golf courses, 75 private golf courses, and 35 driving ranges. With the close proximity to water throughout the state, boating is a popular source of recreation in the Air Trade Area. Michigan ranks among the top states in the nation in the number of registered boats. The annual hydroplane boat races, held on the Detroit River, attract more than half a million spectators. With the location of the Great Lakes, lake-effect snow makes skiing and snowmobiling a significant recreational activity in the Air

Trade Area. Approximately 450,000 cross-country skiers and 400,000 snowmobilers visit Michigan each year. For other outdoor recreation, including swimming, biking, hiking, fishing, and skating, the Air Trade Area provides 13 metro parks, three state parks, nine state recreation areas, three state game area, and hundreds of municipal and county parks. Encompassing 1,000-acres, the Belle Isle Park is the largest city island park in the nation. This park features a variety of facilities including the Anna Scripps Whitcomb Conservatory, the Belle Isle Nature Zoo, and The Dossin Great Lakes Museum.

The gaming industry has been a significant source of entertainment and employment in the Air Trade Area since casinos began operating in the Air Trade Area in 1999. In Michigan there are 21 casinos. Major casinos in the Detroit metropolitan area include: MGM Grand Detroit (43 percent of the local market by revenue); MotorCity Casino (31 percent of the local market by revenue) and Greektown Casino (26 percent of the local market by revenue). For 2011, the Michigan Gaming Control Board reported that the three Detroit commercial casinos recorded revenue of $1.4 billion. This represents an increase of 3.4% over the previous year and a new record in total revenue exceeding all previous years. The recently renovated Caesars Windsor casino, located across the Detroit River in Windsor, Ontario (Canada), also provides gaming opportunities to Air Trade Area residents. The opening of casinos in Ohio, including the May 29, 2012 opening of the Hollywood Casino in Toledo, will likely have an impact on Detroit's gaming market; however, the extent of the impact is yet to be determined.

4.5 Economic Outlook

4.5.1 STATE OF MICHIGAN

Despite the severe economic stress experienced by Michigan and the Air Trade area for most of the past decade, it appears that the Michigan economy, and by implication the Air Trade Area economy, is in the process of recovering. As noted in the May 2012 economic forecast from economists at the University of Michigan[36]:

> "The Michigan economy is partway through its third year of recovery, with employment on the rise since the end of 2009 and the higher-wage segment growing more rapidly than the economy overall. The revival has been typical of the earlier stages of most past Michigan recoveries in that job growth was led by manufacturing and was more robust than the nation's. We see continuing job additions in 2012 and 2013, at a somewhat more subdued pace.

After significant job growth in 2011 and at the beginning of 2012, the University of Michigan economists are projecting more moderate and sustainable job growth in 2013. Michigan is projected to gain 57,400 jobs for the full year of 2012, below the 63,800 jobs added in 2011. Job growth in 2013 is projected at 49,800 jobs. As noted in the forecasts, the average job gain of 57,000 jobs per year over the four-year recovery period from

36 Highlights from RSQE Michigan Forecast, released May 24, 2012 by the Research Seminar in Quantitative Economics at the University of Michigan.

the 4th quarter of 2009 to the 4th quarter of 2013 is comparable to the average change per year from 1971 to 2000, prior to the downturn of the 2000s

4.5.2 AIR TRADE AREA - FORECAST OF KEY ECONOMIC VARIABLES

As described in more detail in Section 5.7 of this report, the methodologies employed in analyzing and developing projections of enplaning passengers at the Airport included (among other methodologies) statistical linear regression modeling that utilized local socioeconomic factors as the independent variable and enplanements as the dependent variable. Socioeconomic factors utilized in these analyses included gross regional product, population, employment, and per capita income. For each of the socioeconomic factors, the regression modeling produced a coefficient that was applied to the projection of the corresponding socioeconomic factor to provide an estimate of future enplanements. The preferred projection of Airport enplanements is presented in Section 5.7.2 of this report.

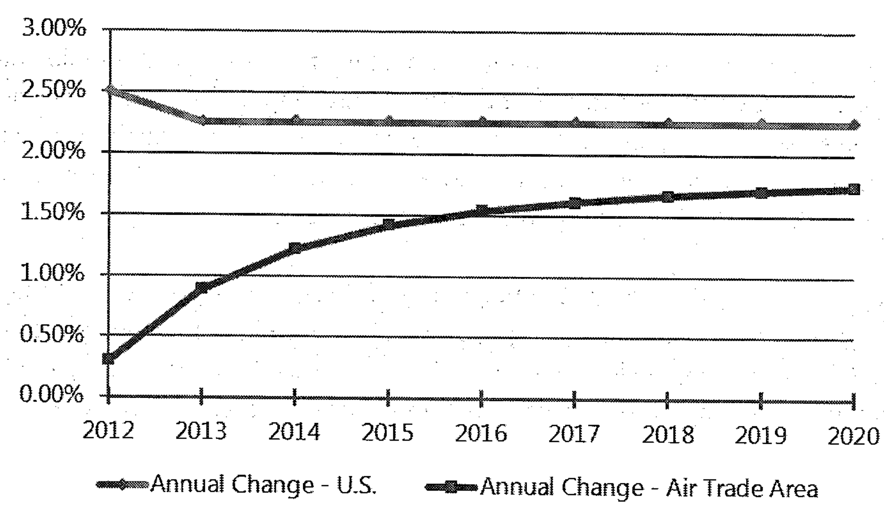
Projections of Air Trade Area socioeconomic factors as developed by Woods and Poole were utilized by R&A to analyze and develop passenger enplanement projections for the Airport for the period OY 2012 through OY 2020.

Woods and Poole's projections for the Consolidated Detroit MSA, which includes 9 of the 10 counties in the Air Trade Area comprising approximately 98 percent of the Air Trade Area's total population, are summarized in the following sections.

Gross Domestic/Regional Product

Implied growth rates in Woods and Poole's projections of gross domestic product (GDP) for the nation and gross regional product (GRP) for the Consolidated Detroit MSA are summarized **Exhibit 4-3.**

Exhibit 4-3 Projected Annual Change in Gross/Regional Domestic Product



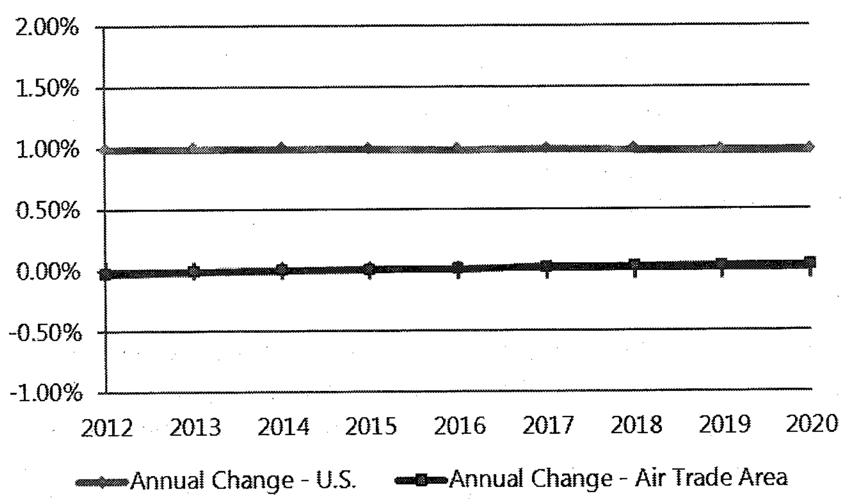
SOURCE: Woods and Poole Economics, Inc., 2012 Complete Economic and Demographic Data Source (CEDDS).
PREPARED BY: Ricondo & Associates, Inc., May 2012.

As shown in Exhibit 4-3, Woods and Poole projects annual growth in GDP to outpace growth in the GRP. Over the period 2011 through 2020, GDP and GRP are projected to experience CAGRs of 2.3 percent and 1.8 percent, respectively. While the projected growth in domestic product for the Consolidated Detroit MSA is lower than the projected growth for the nation, it significantly outpaces the actual growth in GRP experienced in the Consolidated Detroit MSA over the period 1990 through 2011, a CAGR of approximately 0.7 percent.

Population

Projected annual changes to population in the U.S. and for the Consolidated Detroit MSA per Woods & Poole's most recent forecasts are summarized in **Exhibit 4-4**.

Exhibit 4-4 Projected Annual Change in Population



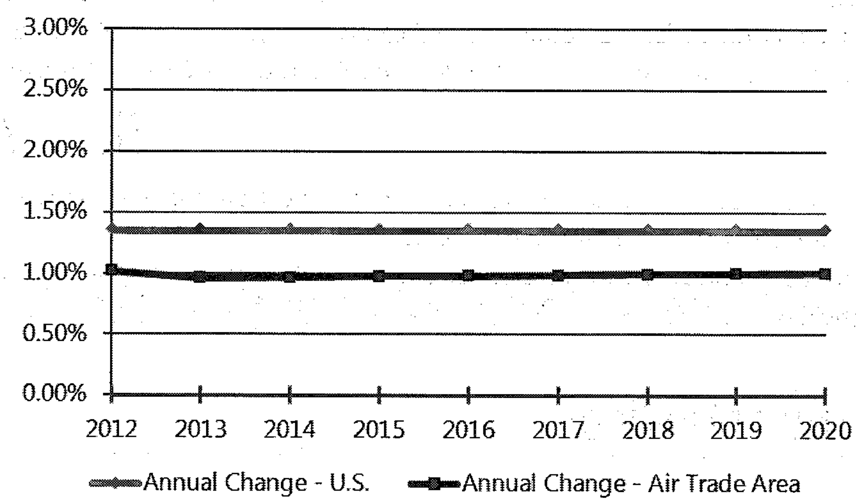
SOURCE: Woods and Poole Economics, Inc., 2012 Complete Economic and Demographic Data Source (CEDDS).
PREPARED BY: Ricondo & Associates, Inc., May 2012.

As shown, population growth in the Consolidated Detroit MSA is projected to be relatively flat over the period and U.S. population is projected to experience annual increases of approximately 1.0 percent per year.

Employment

Woods and Poole projects total employment in the Consolidated Detroit MSA to increase from approximately 2.7 million in 2011 to approximately 3.0 million in 2020, representing a CAGR of approximately 1.0 percent. Over the same period, U.S. employment is projected to experience a CAGR of approximately 1.3 percent. Projected annual changes in employment for the U.S. and for the Consolidated Detroit MSA are presented in **Exhibit 4-5**.

Exhibit 4-5 Projected Annual Change in Employment

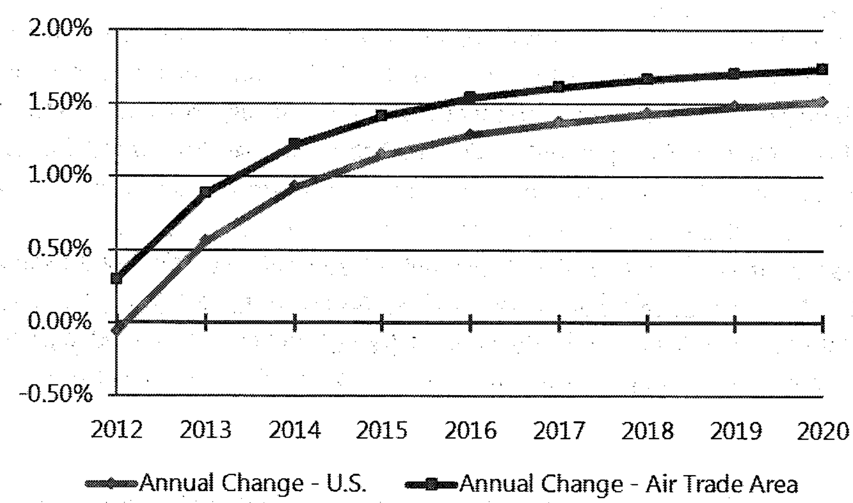


SOURCE: Woods and Poole Economics, Inc., *2012 Complete Economic and Demographic Data Source (CEDDS).*
PREPARED BY: Ricondo & Associates, Inc., May 2012.

Per Capital Personal Income

Woods and Poole projects that PCPI in the Consolidated Detroit MSA will experience a CAGR of approximately 1.3 percent over the period 2011 through 2020, as compared to a 1.1 percent CAGR projected for the nation. Woods and Poole's projected annual changes to PCPI are summarized in **Exhibit 4-6**.

Exhibit 4-6 Projected Change in Per Capita Personal Income



SOURCE: Woods and Poole Economics, Inc., *2012 Complete Economic and Demographic Data Source (CEDDS).*
PREPARED BY: Ricondo & Associates, Inc., May 2012.

5. Air Traffic

This chapter describes historical and projected aviation activities at the Airport and discusses key factors affecting these activities.

5.1 Summary of Findings

The Airport has had the benefit of a large and relatively stable scheduled passenger air carrier base, which has helped promote competitive pricing and scheduling diversity in the Airport's major markets. As of July 2012, the Airport had scheduled passenger service provided by 21 U.S. flag carriers and four foreign flag carriers. The Airport, classified by the FAA as a large hub facility based on its percentage of nationwide enplaned passengers,[1] ranked 17th nationwide in 2011 with approximately 32.4 million total passengers.[2] Other key points regarding historical and projected aviation activities at the Airport are discussed below:

- Delta acquired Northwest as a wholly-owned subsidiary on October 29, 2008. On December 31, 2009, Delta and Northwest merged and the FAA granted a single operating certificate to the merged Delta entity. Delta and the Delta Connection Carriers enplaned an estimated 12.9 million passengers or 79.5 percent of the Airport's enplaned passengers in OY 2011.
- Between OY 2002 and OY 2011, total enplaned passengers at the Airport ranged from a low of 15.6 million in OY 2002 to a high of 18.3 million in OY 2005. Domestic enplaned passengers at the Airport as a percentage of total enplaned passengers were relatively stable between OY 2002 and OY 2011, ranging from a low of 91.3 percent in OY 2008 to a high of 92.0 percent in OY 2010. As discussed earlier in Chapter 2, the Airport is a major connecting hub in Delta's route network, operating as an important Midwest connecting hub. The share of connecting domestic enplaned passengers at the Airport has ranged from a low of 52.8 percent in calendar year (CY) 2007 to a high of 56.9 percent in CY 2005. The connecting percentage for domestic enplaned passengers for CY 2011 was 54.6 percent. Based on analyses provided herein (see Section 5.7.1), the Airport has maintained its role

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1 As defined by the FAA, a large hub airport enplanes 1.0 percent or more of nationwide enplanements during a calendar year. One percent of nationwide enplanements equates to 7.1 million passengers in CY 2010, the latest calendar year for determining airport hub size.

2 *ACI Traffic Data 2011*, Airports Council International – North America.

through the merger as an important Midwest hub for Delta, which chiefly flows traffic to the markets in the eastern and western U.S., and as Delta's primary international gateway for its Asian operations.

- As a result of the Airport's competitive assets including (1) its central geographic position in the U.S., (2) substantial airfield and terminal processing capability, (3) the benefits of its local O&D market, (4) limited local airport competition, and (5) its competitive airline cost structure, the Airport has remained and should remain an attractive location for a major airline hub, as well as an important O&D market.
- Based on discussions with Delta, local socioeconomic and demographic factors, the Airport's historical share of U.S. enplanements, the impacts of the factors described in Section 5.6 herein, and anticipated trends in air carrier usage of the Airport by Delta and other airlines, total enplaned passengers at the Airport are projected to increase from 16.2 million in OY 2011 to 18.8 million in OY 2020. This increase represents a compound annual growth rate of 1.6 percent during this period, compared to 2.5 percent projected nationwide by the FAA.

5.2 Airlines Serving the Airport

As of July 2012, the Airport had scheduled passenger service provided by 21 U.S. flag scheduled passenger air carriers, including four legacy/mainline carriers, four low-cost carriers[3], and 13 regional carriers providing service for various legacy/mainline carriers. In addition, as of July 2012, four foreign flag carriers provided scheduled passenger service and one charter/other carrier provided non-scheduled passenger service at the Airport. Two all-cargo carriers provide scheduled cargo service at the Airport. **Table 5-1** lists the airlines serving the Airport as of July 2012.

Table 5-2 presents the scheduled passenger air carrier base at the Airport since OY 2002. Specific points concerning the scheduled passenger air carrier base at the Airport are provided below:

- Delta and the Delta Connection Carriers operate at the Airport as a single carrier. The Airport is a major hub in its route network (see Chapter 2, "Role of the Airport" for further details).
- Delta acquired Northwest as a wholly-owned subsidiary on October 29, 2008. On December 31, 2009, Delta and Northwest merged and the FAA granted a single operating certificate to the merged Delta entity. Delta and the Delta Connection Carriers enplaned an estimated 12.9 million passengers or 79.5 percent of the Airport's enplaned passengers in OY 2011.

3 Counts Southwest and AirTran as separate carriers. On March 1, 2012, the FAA issued a single operating certificate listing both Southwest and AirTran. It will take several years before the integration of the two airlines is complete.

Table 5-1 Airlines Serving the Airport [1/]

LEGACY/MAINLINE CARRIERS (4)	LOW COST CARRIERS (4)	REGIONAL CARRIERS (13)	CHARTER/OTHER CARRIERS (1)	ALL-CARGO CARRIERS (2)
American Airlines *	AirTran Airways [3/] *	Air Wisconsin (d/b/a US Airways Express)	Allegiant	Federal Express *
Delta Air Lines *	Frontier Airlines	American Eagle		United Parcel Service *
United Airlines [2/] *	Southwest Airlines *	Chautauqua (d/b/a Delta Connection)		
US Airways *	Spirit Airlines *	Comair (d/b/a Delta Connection) [4/]		
		Compass (d/b/a Delta Connection)		
		ExpressJet (d/b/a Delta Connection and United Express)		
FOREIGN FLAG CARRIERS (4)		GoJet (d/b/a Delta Connection and United Express)		
		Mesa (d/b/a US Airways Express and United Express)		
		Pinnacle Airlines (d/b/a Delta Connection) *		
Air Canada		PSA (d/b/a US Airways Express)		
Air France *		Republic Airlines (d/b/a US Airways Express)		
Lufthansa German Airlines		Shuttle America (d/b/a Delta Connection and United Express)		
Royal Jordanian		SkyWest (d/b/a Delta Connection and United Express)		

NOTES:
* Signatory Airline.
1/ As of July 2012.
2/ United and Continental merged on October 1, 2010. The FAA issued a Single Operating Certificate for the merged airlines on November 30, 2011.
3/ Southwest and AirTran merged on May 1, 2011. The FAA issued a Single Operating Certificate for the merged airlines on March 1, 2012, naming both airlines on the certificate. It will take several years before both airlines are fully integrated.
4/ On July 27, 2012, Delta announced that Comair, a Delta subsidiary, would cease operations after September 29, 2012. It is anticipated that other Delta Connection Carriers will replace Comair operations at the Airport.

SOURCES: Wayne County Airport Authority; Official Airline Guide, July 2012.
PREPARED BY: Ricondo & Associates, Inc., July 2012.

Table 5-2 Historical Scheduled Passenger Air Carrier Base 1/

AIR CARRIER 2/	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012 3/
American	●	●	●	●	●	●	●	●	●	●	●
Delta	●	●	●	●	●	●	●	●	●	●	●
Lufthansa	●	●	●	●	●	●	●	●	●	●	●
Royal Jordanian	●	●	●	●	●	●	●	●	●	●	●
Southwest	●	●	●	●	●	●	●	●	●	●	●
Spirit	●	●	●	●	●	●	●	●	●	●	●
United	●	●	●	●	●	●	●	●	●	●	●
US Airways	●	●	●	●	●	●	●	●	●	●	●
Air Canada	●	●	●	●	●	●	●	●	●	●	●
Air France				●	●	●	●	●	●	●	●
Frontier				●	●	●	●	●	●	●	●
AirTran 4/					●	●	●	●	●	●	●
Airlines No Longer Serving the Airport											
Ryan International	●	●	●	●	●	●	●	●			
KLM	●	●					●	●			
Aeromexico							●	●			
British Airways	●	●	●	●	●	●					
Independence Air			●	●	●						
Trans Meridian	●	●	●	●							
American Trans Air	●	●	●								

NOTES:

1/ For the Airport's full Operating Year, a twelve-month period ending September 30.

2/ Where applicable, includes affiliated carriers.

3/ As of July 2012.

4/ Southwest and AirTran merged on May 1, 2011. The FAA issued a Single Operating Certificate for the merged airlines on March 1, 2012, naming both airlines on the certificate. It will take several years before both airlines are fully integrated.

SOURCE: Wayne County Airport Authority, July 2012.

PREPARED BY: Ricondo & Associates, Inc., July 2012.

- The Airport has had the benefit of a large and relatively stable scheduled passenger air carrier base during the years shown. All of the four primary legacy airlines and several of the low-cost carriers have operated at the Airport throughout this period.
- Spirit Airlines (Spirit), a low-cost carrier, has the second highest market share of Airport enplanements behind Delta and the Delta Connection Carriers. In OY 2011, Spirit enplaned approximately 719,000 passengers at the Airport or 4.4 percent of total Airport enplanements. Southwest Airlines (Southwest), another low-cost carrier, enplaned 3.8 percent of the Airport's enplanements in OY 2011. Other low-cost carriers providing scheduled passenger service at the Airport include AirTran Airways (AirTran) and Frontier Airlines (Frontier). Independence Air operated at the Airport from OY 2004 to OY 2006; however, this carrier has since ceased operations.
- Nine scheduled passenger carriers shown in Table 5-2 provided service at the Airport over the entire period OY 2002 through OY 2012 (as of July 2012). Since OY 2005, three additional scheduled passenger carriers have initiated service and continue to serve the Airport.

5.3 Historical Passenger Activity

This section identifies historical trends in enplaned passengers at the Airport and the major factors influencing these trends, as well as historical market shares of enplanements by airline.

5.3.1 ENPLANED PASSENGERS

Table 5-3 presents historical data for enplaned passengers at the Airport and for the nation. As shown, passenger activity at the Airport has experienced patterns generally comparable to those of the nation. Both the Airport and the nation experienced a decrease in enplaned passengers in OY 2002 from OY 2001 levels, an increase in enplaned passengers from 2002 to 2005, another decrease in enplaned passengers from 2005 to 2009, and over a 2.0 percent increase in OY 2011 from OY 2010 levels. For the entire period presented, OY 2002 to OY 2011, enplaned passengers for the Airport increased at a compound annual growth rate (CAGR) of 0.4 percent, while enplaned passengers for the nation increased at a CAGR of 1.7 percent.

Further details concerning enplaned passengers at the Airport and comparisons with national trends between OY 2000 and Operating Year-to-Date (OYTD) 2012 are discussed below:

- OY 2002. Passenger activity at the Airport decreased in OY 2002, experiencing a year-over-year enplanement decrease of 8.7 percent, compared to the 8.2 percent decrease nationwide during this same period. For both the Airport and the nation, these significant decreases in activity were primarily attributable to the terrorist attacks of September 11, 2001 (hereinafter September 11) and the nationwide economic slowdown that began earlier in 2001. Additionally, slowdowns affecting Asian economies and the bird flu epidemic during this period likely impacted international traffic to Asia – including Northwest's international flights to Japan.

Table 5-3 Historical Enplanements

(Operating Years Ending September 30)

OPERATING YEAR	AIRPORT ENPLANEMENTS	AIRPORT GROWTH	U.S. TOTAL ENPLANEMENTS	U.S. GROWTH	MARKET SHARE
2002	15,592,557	(8.7%)	626,300,000	(8.2%)	2.5%
2003	16,278,233	4.4%	641,200,000	2.4%	2.5%
2004	17,316,780	6.4%	689,000,000	7.5%	2.5%
2005	18,286,282	5.6%	737,000,000	7.0%	2.5%
2006	17,799,932	(2.7%)	740,000,000	0.4%	2.4%
2007	18,108,090	1.7%	765,300,000	3.4%	2.4%
2008	17,831,231	(1.5%)	759,100,000	(0.8%)	2.3%
2009	15,941,132	(10.6%)	704,400,000	(7.2%)	2.3%
2010	15,876,381	(0.4%)	712,600,000	1.2%	2.2%
2011	16,226,201	2.2%	730,700,000	2.5%	2.2%
Compound Annual Growth Rate					
2002 - 2005	5.5%		5.6%		
2005 - 2007	(0.5%)		1.9%		
2007 - 2010	(4.3%)		(2.4%)		
2010 - 2011	2.2%		2.5%		
2002- 2011	0.4%		1.7%		

SOURCES: Wayne County Airport Authority, July 2012; Federal Aviation Administration (U.S. total enplanements), July 2012.

PREPARED BY: Ricondo & Associates, Inc., July 2012.

- OY 2003 - OY 2005. Following the decrease in OY 2002, passenger activity at the Airport rebounded, increasing from approximately 16.0 million enplanements in OY 2002 to approximately 18.3 million enplanements in OY 2005. This increase represents a CAGR of 5.5 percent over the period, compared to 5.6 percent nationwide. In concert with national trends, enplanement levels at the Airport had recovered from the impacts of September 11 and the nationwide economic slowdown by OY 2005, and surpassed the prior record annual enplanement level experienced in OY 2000 (17.7 million enplaned passengers).
- OY 2006 – OY 2007. Northwest and Delta both filed for bankruptcy on September 14, 2005 (immediately prior to the beginning of OY 2006), and Mesaba filed for bankruptcy on October 13, 2005. In OY 2006, the capacity reductions associated with the bankruptcies impacted the Airport more than the nation, because, at that time, the Airport served as a major connecting hub for Northwest's system network. In OY 2006, the Airport experienced a decrease in enplanements of 2.7 percent compared to the nation's slow growth of 0.4 percent. Northwest and Delta emerged from bankruptcy protection in the second half of OY 2007 (May 2007) and enplanements at the Airport and for the nation increased from their OY 2006 levels by 1.7 percent and 3.4 percent, respectively.
- OY 2008 - OY 2009. The global economic slowdown, higher fuel prices, and capacity cuts by airlines in OY 2008 and OY 2009 resulted in decreases in enplanements for the Airport and the nation. Airport enplanements decreased by approximately 1.5 percent in OY 2008 as compared to OY 2007 (U.S. total enplanements decreased by 0.8 percent over the same period) and decreased by approximately 10.6 percent in OY 2009 as compared to OY 2008 (by comparison, U.S. total enplanements decreased by 7.2 percent over the same period). On a percentage basis, the enplanement decreases experienced by Delta and Northwest between OY 2008 and OY 2009, when combined (a decrease of 9.2 percent), was lower than the enplanement decreases experienced by all other airlines operating at the Airport, when combined (a decrease of 15.7 percent).
- OY 2010. Total Airport enplanements decreased 0.4 percent in OY 2010 as compared to OY 2009. For this same period, Delta enplanements at the Airport increased by approximately 0.6 percent while the other airlines serving the Airport, when combined, experienced a 4.5 percent decrease in enplanements.
- OY 2011. Recovering from the global economic slowdown, total enplanements at the Airport increased from 15.9 million in OY 2010 to 16.2 million in OY 2011, an increase of 2.2 percent during this period, compared to 2.5 percent nationwide. Delta increased by approximately 100,000 enplaned passengers in OY 2011 from OY 2010 levels, while Spirit and Southwest increased by a combined 200,000 enplaned passengers during this same period.
- OYTD 2012. Based on nine months of data, total enplanements at the Airport are 0.5 percent higher in OY 2012 compared to a similar period in OY 2011 (11,878,804 and 11,819,268 enplanements, respectively). With domestic enplanements representing approximately 92 percent of total enplanements at the Airport, domestic enplanements are 0.1 percent higher in OYTD 2012 compared to OYTD 2011, while international enplanements at the Airport are 4.5 percent higher in OYTD 2012 compared to OYTD 2011.

As previously described, the Airport is a major connecting hub in Delta's system network. As such, millions of passengers each year use the Airport as an intermediate transfer stop on their way to their final destination, while local traffic uses the Airport to originate or end their travel. **Table 5-4** presents historical domestic enplanement data identifying originating passenger and connecting passenger components for the Airport. As shown, connecting passenger enplanements outnumbered originating enplanements in each year between CY 2002 and CY 2011. The share of connecting enplaned passengers at the Airport has ranged between 52.8 percent and 56.9 percent for the period described. The connecting percentage for CY 2011, the most recent calendar year available, was 54.6 percent.

Data presented in Table 5-4 illustrates that originating and connecting passenger trends at the Airport do not necessarily move in tandem and have a low correlation. For example, domestic connecting passenger enplanements at the Airport increased annually by 13.8 percent in CY 2005, as compared to the annual increase of 4.1 percent for domestic originating passengers. Conversely, annual domestic connecting enplaned passengers decreased year-over-year in CY 2006 and CY 2007 by 2.6 percent and 6.4 percent, respectively, while domestic originating enplaned passengers at the Airport increased by 1.8 percent in CY 2006 and 5.8 percent in CY 2007. As such, traffic fluctuations at the Airport are not only locally driven, but are also influenced by the overall trends nationwide and the specific hubbing decisions made by Delta given the significant share of connecting traffic at the Airport.

Table 5-5 presents historical trends related to the domestic and international passenger activity split at the Airport. Generally, international passenger activity has been more volatile than domestic passenger activity at the Airport. International enplanements changed to a greater extent than domestic enplanements changed for OY 2000 to OY 2002, OY 2002 to OY 2005, and OY 2005 to OY 2011 by negative 18.1 percent, positive 6.5 percent, and negative 2.5 percent, respectively. Also, the highest international share of total Airport enplanements for the presented period occurred in OY 2008 at 8.7 percent and the lowest share occurred in OY 2010 at 8.0 percent. For OY 2002 through OY 2011, the international share of total Airport enplanements was relatively stable between 8.1 and 8.7 percent.

5.3.2 ENPLANED PASSENGERS BY AIRLINE

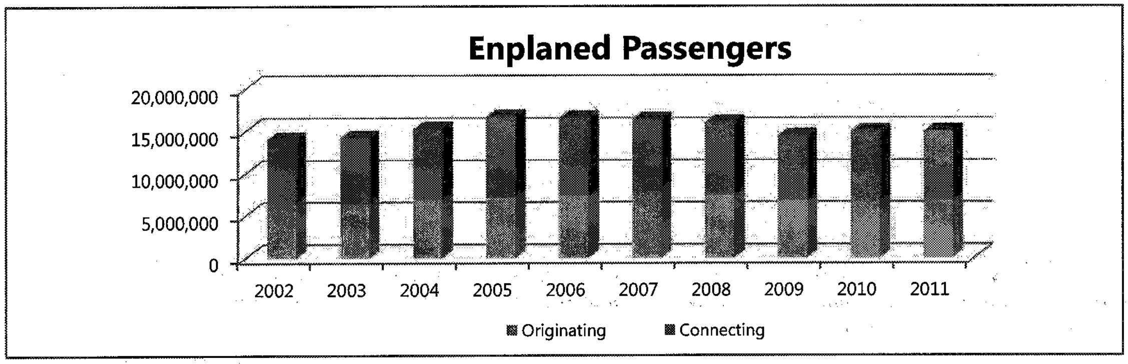
Table 5-6 presents the historical share of enplanements by airline at the Airport between OY 2007 and OY 2011. In each year, Delta and Northwest combined maintained a market share of at least 77.6 percent and was the highest for OY 2010 at 80.6 percent. In each of these years, Spirit had the second highest market share, although Spirit's market share steadily decreased from a peak of 5.3 percent in OY 2007 to a low of 3.6 percent in OY 2010 and then increased to 4.4 percent in OY 2011. Other carriers (including their regional affiliates, as applicable) enplaning more than one percent of total Airport enplanements in each year of the period, presented in a descending order based on OY 2011 market share, include Southwest, US Airways, United, American, and AirTran.

On May 2, 2011, Southwest announced the closing of its acquisition of AirTran Holdings, Inc., the former parent company of AirTran. The FAA granted the airline a single operating certificate on March 1, 2012, allowing Southwest to work toward full integration. The single operating certificate lists both Southwest and/or AirTran as the named airline. As a result, passengers will see little difference in brand names, reservation systems, livery, etc. until full integration occurs in two to three years. For purposes of this Report, they are shown separately on Table 5-6; however, if their respective enplaned passengers are combined over the years presented, they would have the second-highest share of Airport enplanements in OY 2009, OY 2010, and OY 2011.

Table 5-4 Historical Domestic Originating and Connecting Enplanements

(Calendar Years)

YEAR	DOMESTIC ORIGINATING ENPLANEMENTS	ANNUAL GROWTH	DOMESTIC CONNECTING ENPLANEMENTS	ANNUAL GROWTH	TOTAL DOMESTIC ENPLANED PASSENGERS	ANNUAL GROWTH	ORIGINATING ENPLANEMENT SHARE	CONNECTING ENPLANEMENT SHARE
2002	6,327,890	(6.1%)	7,695,118	5.1%	14,023,008	(0.3%)	45.1%	54.9%
2003	6,266,720	(1.0%)	7,907,501	2.8%	14,174,221	1.1%	44.2%	55.8%
2004	6,884,460	9.9%	8,316,272	5.2%	15,200,732	7.2%	45.3%	54.7%
2005	7,165,770	4.1%	9,464,995	13.8%	16,630,765	9.4%	43.1%	56.9%
2006	7,297,730	1.8%	9,216,455	(2.6%)	16,514,185	(0.7%)	44.2%	55.8%
2007	7,721,720	5.8%	8,629,815	(6.4%)	16,351,535	(1.0%)	47.2%	52.8%
2008	7,386,420	(4.3%)	8,591,640	(0.4%)	15,978,060	(2.3%)	46.2%	53.8%
2009	6,671,730	(9.7%)	7,718,609	(10.2%)	14,390,339	(9.9%)	46.4%	53.6%
2010	6,566,987	(1.6%)	8,310,099	7.7%	14,877,086	3.4%	44.1%	55.9%
2011	6,761,125	3.0%	8,139,173	(2.1%)	14,900,298	0.2%	45.4%	54.6%
Compound Annual Growth Rate								
2002 - 2005	4.2%		7.1%		5.8%			
2005 - 2011	(1.0%)		(2.5%)		(1.8%)			
2002 - 2011	0.7%		0.6%		0.7%			



NOTE: Figures may not add due to rounding.

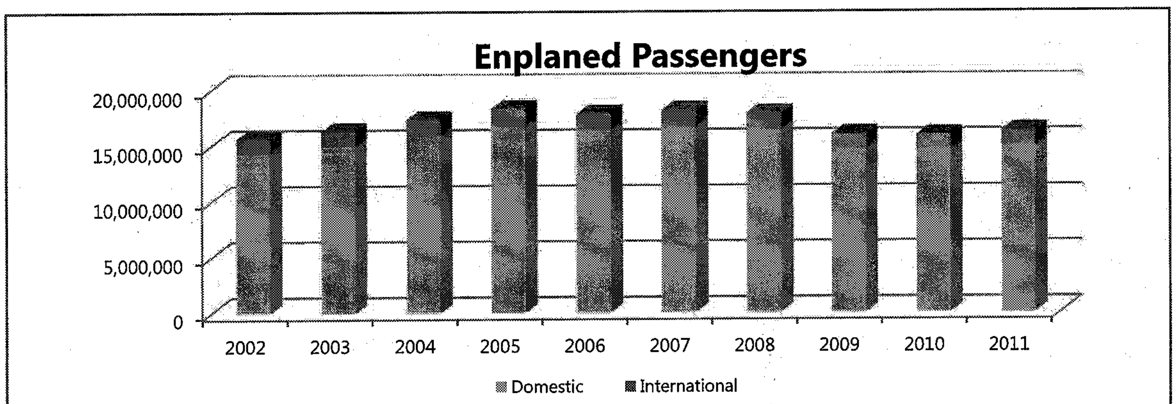
SOURCES: Wayne County Airport Authority, May 2012; US DOT Origin & Destination Survey of Airline Passenger Traffic, 298c Commuter Data, and Airport Activity Statistics of Certificated Route Air Carriers, Schedule T100, May 2012.

PREPARED BY: Ricondo & Associates, Inc., May 2012.

Table 5-5 Historical Domestic and International Enplanements

(Operating Years Ending September 30)

YEAR	DOMESTIC ENPLANEMENTS	ANNUAL GROWTH	INTERNATIONAL ENPLANEMENTS	ANNUAL GROWTH	TOTAL ENPLANED PASSENGERS	ANNUAL GROWTH	INTERNATIONAL ENPLANEMENT SHARE
2002	14,327,856	(6.3%)	1,264,701	(29.7%)	15,592,557	(8.7%)	8.1%
2003	14,917,141	4.1%	1,361,092	7.6%	16,278,233	4.4%	8.4%
2004	15,914,882	6.7%	1,401,898	3.0%	17,316,780	6.4%	8.1%
2005	16,758,421	5.3%	1,527,861	9.0%	18,286,282	5.6%	8.4%
2006	16,321,812	(2.6%)	1,478,120	(3.3%)	17,799,932	(2.7%)	8.3%
2007	16,581,322	1.6%	1,526,768	3.3%	18,108,090	1.7%	8.4%
2008	16,271,128	(1.9%)	1,560,103	2.2%	17,831,231	(1.5%)	8.7%
2009	14,622,391	(10.1%)	1,318,741	(15.5%)	15,941,132	(10.6%)	8.3%
2010	14,614,045	(0.1%)	1,262,336	(4.3%)	15,876,381	(0.4%)	8.0%
2011	14,912,532	2.0%	1,313,669	4.1%	16,226,201	2.2%	8.1%
Compound Annual Growth Rate							
2002 - 2005	5.4%		6.5%		5.5%		
2005 - 2011	(1.9%)		(2.5%)		(2.0%)		
2002 - 2011	0.4%		0.4%		0.4%		



SOURCE: Wayne County Airport Authority, May 2012.
PREPARED BY: Ricondo & Associates, Inc., May 2012.

Table 5-6 Historical Total Enplaned Passengers by Airline 1/

(Operating Years Ending September 30)

	2007		2008		2009		2010		2011	
	ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE
Delta/Northwest 2/										
Northwest Airlines	13,696,101	75.6%	13,603,857	76.3%	12,047,782	75.6%	6,989,549	44.0%	-	-
Delta Air Lines	352,683	1.9%	398,929	2.2%	664,705	4.2%	5,804,439	36.6%	12,907,512	79.5%
Subtotal Delta/Northwest	**14,048,784**	**77.6%**	**14,002,786**	**78.5%**	**12,712,487**	**79.7%**	**12,793,988**	**80.6%**	**12,907,512**	**79.5%**
Other Airlines										
Spirit Airlines	953,175	5.3%	821,888	4.6%	608,078	3.8%	570,870	3.6%	718,914	4.4%
Southwest Airlines	606,113	3.3%	595,944	3.3%	523,304	3.3%	553,612	3.5%	611,582	3.8%
US Airways	546,251	3.0%	547,702	3.1%	524,457	3.3%	526,828	3.3%	568,390	3.5%
United Airlines 3/	656,756	3.6%	610,876	3.4%	519,625	3.3%	485,259	3.1%	461,505	2.8%
American Airlines	535,059	3.0%	527,649	3.0%	472,541	3.0%	446,625	2.8%	430,126	2.7%
AirTran	239,410	1.3%	216,149	1.2%	219,356	1.4%	207,513	1.3%	213,598	1.3%
Frontier Airlines	121,456	0.7%	126,580	0.7%	117,396	0.7%	117,173	0.7%	140,291	0.9%
Air France	48,355	0.3%	45,947	0.3%	55,233	0.3%	70,685	0.4%	76,568	0.5%
Lufthansa	98,008	0.5%	102,121	0.6%	72,884	0.5%	65,568	0.4%	67,952	0.4%
Royal Jordanian	14,150	0.1%	16,434	0.1%	14,822	0.1%	15,258	0.1%	14,051	0.1%
Air Canada (Jazz)	13,085	0.1%	13,678	0.1%	5,965	0.0%	6,875	0.0%	12,340	0.1%
USA 3000	67,516	0.4%	79,304	0.4%	19,823	0.1%	11,775	0.1%	153	0.0%
Other 4/	159,972	0.9%	124,173	0.7%	75,161	0.4%	4,352	0.0%	3,219	0.0%
Subtotal Other Airlines	**4,059,306**	**22.4%**	**3,828,445**	**21.5%**	**3,228,645**	**20.2%**	**3,082,393**	**19.4%**	**3,318,689**	**20.5%**
Airport Total	**18,108,090**	**100.0%**	**17,831,231**	**100.0%**	**15,941,132**	**100.0%**	**15,876,381**	**100.0%**	**16,226,201**	**100.0%**

NOTES: Figures may not add due to rounding.

1/ Includes regional affiliated carriers, as applicable.

2/ Northwest merged with Delta and the FAA granted a single operating certificate to Delta on December 31, 2009.

3/ United Airlines and Continental Airlines merged in October 2010, historical enplanements for these carriers are combined in this table.

4/ Includes airlines with minimal market share or that may not operate at the Airport as of Operating Year 2012.

SOURCE: Wayne County Airport Authority, May 2012.

PREPARED BY: Ricondo & Associates, Inc., May 2012.

5.4 Historical Air Service

The following discussion of historical air service at the Airport incorporates data related to top domestic and international O&D markets, average airfares, the share of low-cost carrier activity occurring at the Airport, and shifts in the air carrier fleet operating at the Airport. Future activity at the Airport will likely be impacted by these factors and historical trends therein, as well as assumptions regarding future changes impacting air service at the Airport.

5.4.1 O&D MARKETS

An important airport characteristic is the distribution of its O&D markets, which is a function of air travel demands and available services and facilities. **Table 5-7** presents historical data on the Airport's top 20 domestic O&D markets for CY 2011, as measured by the number of passengers. As shown, the top 20 markets accounted for approximately 45 percent of total domestic O&D passengers at the Airport. As of July 2012, each of the top 20 markets had nonstop service from the Airport. Although Delta is the primary carrier in 18 of the 20 top markets, the secondary airlines have a significant market share in most of these 18 markets. The two markets in which Delta is not the primary carrier are Dallas and Houston, markets that serve as major hubs for other airlines.

Table 5-8 presents data on the Airport's top 25 international markets for O&D passengers. Nonstop, including seasonal service, is provided to 21 of these markets. Based on this data, Cancun is the most popular international destination for the Airport's O&D passengers, serving approximately 81,500 passengers in CY 2011. The data presented in Table 5-8 captures only those passengers beginning and ending their trips at the Airport, it does not include data for passengers connecting through the Airport to reach or return from international destinations.

Table 5-9 presents a summary of top international markets based on scheduled departing seats (non-stop) for CY 2011. For that period, Amsterdam was the top international market in terms of capacity, with a total of approximately 358,000 scheduled departing seats. As shown in Table 5-9, other European markets (Frankfurt, London, and Paris) and Asian markets (Tokyo, Shanghai, and Nagoya) were included in the top 10 markets, with each of these markets having more than 100,000 scheduled departing seats during CY 2011.

Table 5-7 Top 20 Domestic O&D Markets

(Passengers in thousands for Calendar Year 2011)

RANK	MARKET	TOTAL O&D PASSENGERS	PERCENTAGE OF O&D PASSENGERS	PRIMARY CARRIER	MARKET SHARE	SECONDARY CARRIER	MARKET SHARE	NON-STOP SERVICE
1	New York 1/	970	7.2%	Delta	56.0%	Spirit	22.4%	●
2	Orlando	870	6.4%	Delta	63.4%	AirTran	17.3%	●
3	Florida South 2/	723	5.3%	Delta	60.5%	Spirit	26.4%	●
4	Las Vegas	712	5.3%	Delta	56.8%	Spirit	30.4%	●
5	Los Angeles 3/	695	5.1%	Delta	55.0%	Spirit	12.4%	●
6	Washington D.C. 4/	680	5.0%	Delta	68.0%	Southwest	22.4%	●
7	Chicago 5/	558	4.1%	Delta	45.7%	Southwest	23.0%	●
8	Atlanta	473	3.5%	Delta	69.7%	AirTran	26.9%	●
9	Tampa	464	3.4%	Delta	67.1%	Spirit	19.9%	●
10	Phoenix	440	3.3%	Delta	52.6%	US Airways	21.9%	●
11	Fort Myers	436	3.2%	Delta	58.8%	Spirit	37.6%	●
12	San Francisco 6/	387	2.9%	Delta	62.5%	Southwest	12.9%	●
13	Denver	369	2.7%	Delta	43.6%	Frontier	26.5%	●
14	Dallas 7/	319	2.4%	American	46.7%	Delta	35.0%	●
15	Boston	243	1.8%	Delta	75.3%	US Airways	13.6%	●
16	Houston 8/	237	1.8%	United	37.4%	Delta	33.2%	●
17	Philadelphia	220	1.6%	Delta	50.1%	US Airways	45.7%	●
18	Minneapolis	217	1.6%	Delta	88.9%	Southwest	5.7%	●
19	Seattle	205	1.5%	Delta	72.7%	Frontier	8.0%	●
20	St. Louis	187	1.4%	Delta	63.4%	Southwest	35.1%	●
Other O&D Markets		**4,117**	**30.4%**					
Domestic O&D Passengers		**13,522**						
O&D % of Domestic Passengers		**45.4%**						

NOTES: Figures may not add due to rounding.

1/ Includes John F. Kennedy (JFK), LaGuardia (LGA), and Newark, NJ (EWR).

2/ Includes Fort Lauderdale International Airport (FLL) and Miami International Airport (MIA).

3/ Includes Los Angeles International (LAX), Burbank (BUR), Ontario International (ONT), Santa Ana/Orange County (SNA), and Long Beach Municipal (LGB).

4/ Includes Baltimore/Washington International Airport (BWI), Washington Dulles International Airport (IAD), and Washington National Airport (DCA).

5/ Includes Chicago/O'Hare (ORD) and Chicago/Midway (MDW).

6/ Includes San Francisco International (SFO), Oakland International (OAK) and San Jose International (SJC).

7/ Includes Dallas-Ft. Worth Airport (DFW) and Dallas Love Field (DAL).

8/ Includes Houston Intercontinental (IAH) and Houston Hobby (HOU).

SOURCES: US DOT Origin & Destination Survey of Airline Passenger Traffic, Domestic, May 2012.

PREPARED BY: Ricondo & Associates, Inc., May 2012.

Table 5-8 Top 25 International O&D Markets

(Calendar Year 2011)

RANK	MARKET	CODE	TOTAL INTERNATIONAL O&D PASSENGERS	NON-STOP SERVICE
1	Cancun, Mexico	CUN	81,514	●
2	London (Heathrow), England	LHR	38,237	●
3	Nagoya, Japan	NGO	31,293	●
4	Frankfurt, Germany	FRA	29,287	●
5	Shanghai, China	PVG	28,082	●
6	Mexico City, Mexico	MEX	27,775	●
7	Montego Bay, Jamaica	MBJ	24,637	●
8	Seoul, South Korea	ICN	22,990	●
9	Tokyo (Narita), Japan	NRT	20,953	●
10	Rome, Italy	FCO	18,932	●
11	Punta Cana, Dominican Republic	PUJ	18,558	●
12	Sao Paulo, Brazil	GRU	16,378	●
13	Amsterdam, Netherlands	AMS	15,457	●
14	Monterrey, Mexico	MTY	14,204	●
15	Los Cabos, Mexico	SJD	13,845	●
16	Nassau, Bahamas	NAS	13,688	●
17	Montreal, Canada	YUL	12,108	●
18	Aruba, Aruba	AUA	11,890	
19	Puerto Vallarta, Mexico	PVR	11,684	●
20	Beijing, China	PEK	11,426	●
21	San Jose, Costa Rica	SJO	11,353	
22	Mumbai, India	BOM	9,856	
23	Paris, France	CDG	9,541	●
24	Vancouver, Canada	YVR	9,203	●
25	Delhi, India	DEL	8,080	

SOURCES: US DOT Origin & Destination Survey of Airline Passenger Traffic, Domestic via Sabre ADI, Adjusted for Foreign Flag Carriers, May 2012; Wayne County Airport Authority, May 2012.

PREPARED BY: Ricondo & Associates, Inc., May 2012.

Table 5-9 Top 30 International Markets - Scheduled Seats

(Calendar Year 2011)

RANK	MARKET	CODE	REGION/ CONTINENT	TOTAL INTERNATIONAL SCHEDULED SEATS
1	Amsterdam, Netherlands	AMS	Europe	358,008
2	Toronto, Canada	YYZ	Canada	173,239
3	Frankfurt, Germany	FRA	Europe	172,901
4	Tokyo(Narita), Japan	NRT	Asia	140,890
5	London(Heathrow), England	LHR	Europe	118,338
6	Shanghai, China	PVG	Asia	111,784
7	Nagoya, Japan	NGO	Asia	107,588
8	Paris, France	CDG	Europe	106,933
9	Cancun, Mexico	CUN	Mexico	90,122
10	Montreal, Canada	YUL	Canada	89,988
11	Seoul, Korea	ICN	Asia	73,670
12	Hong Kong, China	HKG	Asia	61,438
13	Sao Paulo, Brazil	GRU	South America	57,240
14	Ottawa, Canada	YOW	Canada	51,050
15	Mexico City, Mexico	MEX	Mexico	45,738
16	Tokyo (Haneda), Japan	HND	Asia	35,410
17	Beijing, China	PEK	Asia	31,522
18	Quebec City, Canada	YQB	Canada	31,200
19	Monterrey, Mexico	MTY	Mexico	27,512
20	Rome, Italy	FCO	Europe	26,522
21	Amman, Jordan	AMM	Middle East	10,626
22	Halifax, Canada	YHZ	Canada	10,086
23	Puerto Vallarta, Mexico	PVR	Mexico	8,528
24	Montego Bay, Jamaica	MBJ	Caribbean	5,944
25	Los Cabos, Mexico	SJD	Mexico	4,906
26	Grand Cayman Islands, West Indies	GCM	Caribbean	3,116
27	Punta Cana, Dominican Republic	PUJ	Caribbean	2,972
28	Nassau, Bahamas	NAS	Caribbean	2,878
29	Cozumel, Mexico	CZM	Mexico	1,658
30	Vancouver, Canada	YVR	Canada	1,304

Totals By Region/Continent

Europe	782,702
Asia	562,302
Canada	356,867
Mexico	178,464
South America	57,240
Caribbean	14,910
Middle East	10,626

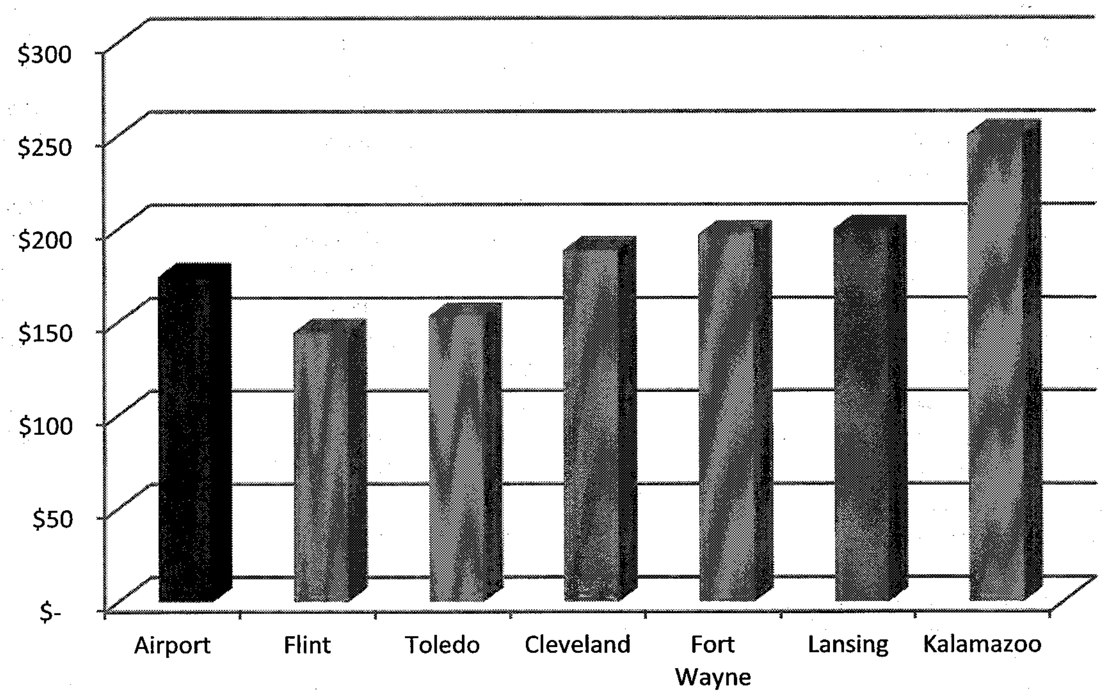
SOURCES: Official Airline Guide, Inc., May 2012.

PREPARED BY: Ricondo & Associates, Inc., May 2012.

5.4.2 AIRFARE AND AIRLINE YIELDS

In addition to the availability of service to meet the domestic and international O&D demand of the market area, air service at an airport can also be characterized by the availability of competitive air fares and airline yields. At airports where hubbing carriers maintain a significant market share of activity, such as at the Airport, service provided by low-cost carriers can complement overall air service and also stimulate demand. **Exhibit 5-1** below provides a comparison of average domestic one-way airfares at the Airport and other airports located within or near its Air Trade Area, as previously defined in Chapter 2. As presented, the Airport compares relatively favorably with these airports, as it is the third lowest average domestic fare, while Bishop International Airport (Flint) has the lowest domestic fare and Toledo Express Airport (Toledo) has the second lowest domestic fare of the comparison group. (See Section 2.2 for a discussion of these airports, their location, and the relative level of scheduled air carrier service provided at each). Contributing to the relatively competitive airfares at the Airport, as compared to the other airports presented in the chart, is the growth in low-cost carrier activity and airline competition on several of the major O&D routes.

Exhibit 5-1 Average Outbound Domestic Fares - CY 2011



SOURCE: US DOT Origin & Destination Survey of Airline Passenger Traffic, May 2012.
PREPARED BY: Ricondo & Associates, Inc., May 2012.

Table 5-10 provides a comparison of average outbound domestic fares and yields for CY 2011 for U.S. East/West airline hub airports identified as peer airports in Chapter 2. As shown, the Airport has the fourth lowest average outbound domestic fare behind Denver, Atlanta, and Salt Lake City. Based on these comparisons, competitive airfares are offered at the Airport as compared to airports both in the local region and peer connecting hub airports throughout the U.S. Being the largest airport in the region with a high degree of nonstop air service and competitive fares, the Airport appears to be price competitive for both local and connecting passengers. The Airport also compares similarly in terms of domestic yield per coupon mile which considers trip length. In this comparison, the Airport is also the fourth lowest among the airports in Table 5-10, with three western U.S. hubs of Denver, Salt Lake City, and Phoenix having lower domestic yields.

As shown in **Table 5-11**, when comparing pre-merger (the first half of CY 2008) and post-merger (the first half of CY 2012) periods, Delta's average yield per coupon mile for outbound domestic O&D travelers at the Airport has increased by approximately 29.5 percent, significantly more than at any of the other Delta hubs. Based on this metric, Delta appears to be operating domestic flights more profitably out of the Airport as compared to the pre-merger period. Given that international flights tend to be more profitable than domestic flights, it is also reasonable to assume that Delta's international yields from the Airport have increased at a similar or greater rate.

5.4.3 LOW-COST CARRIERS

Table 5-12 presents historical data on enplanements by low-cost carriers at the Airport between OY 2002 and OY 2011. As shown, from OY 2002 to OY 2007, low-cost carrier enplanements increased by a CAGR of 9.8 percent, while total Airport enplanements increased by a CAGR of 3.0 percent. As a result of the higher low-cost carrier enplanement growth rates compared to the growth rates of total Airport enplanements experienced from OY 2002 to OY 2007, the share of low-cost carrier enplanements at the Airport increased from 7.7 percent in OY 2002 to 10.6 percent in OY 2007. Growth in low-cost carrier enplanements at the Airport for this period was primarily attributable to growth in Spirit and Southwest enplanements, and the initiation of service by Frontier and AirTran. From OY 2008 to OY 2010, the low-cost carrier market share retrenched from the peak in OY 2007, but increased to 10.4 percent in OY 2011, well above the OY 2002 level of 7.7 percent. Overall, from OY 2002 to OY 2011, low-cost carrier enplanements increased at a CAGR of 3.8 percent, while total Airport enplanements increased at a CAGR of 0.4 percent.

The Air Trade Area's relatively large O&D passenger base and its geographical position are two major factors in the Airport's appeal to low-cost carriers. In general, low-cost carriers are more prone to operate on a point-to-point basis (as opposed to a hub-and-spoke network); therefore, local passenger demand is key to determining route decisions, as low-cost carriers generally do not have the added support of connecting traffic. Additionally, the Airport's generally central geographic position within the U.S. contributes to it being able to support several medium-to-short haul routes to other large O&D areas domestically, which is relatively compatible for typical low-cost carrier fleet types.

Table 5-10 Comparison of U.S. East/West Airline Hub Airports

(CY 2011)

AIRPORT	AVERAGE OUTBOUND DOMESTIC FARE 1/	OUTBOUND DOMESTIC YIELD PER COUPON MILE
Denver	$149.58	$0.1420
Atlanta	$165.44	$0.1840
Salt Lake City	$173.81	$0.1510
Airport	**$174.38**	**$0.1630**
Phoenix	$174.65	$0.1520
Chicago - O'Hare	$176.57	$0.1710
Charlotte	$184.70	$0.2030
Minneapolis - St. Paul	$187.63	$0.1710
Cleveland	$188.34	$0.1820
Dallas - Fort Worth	$193.42	$0.1790
Cincinnati	$213.90	$0.2180
Memphis	$217.48	$0.2330
Houston - George Bush	$219.58	$0.1920

NOTE:

1/ Includes zero-fares, but excludes non-revenue passengers.

SOURCE: US DOT Origin & Destination Survey of Airline Passenger Traffic, May 2012.

PREPARED BY: Ricondo & Associates, Inc., May 2012.

Table 5-11 Delta/Northwest Average Yields - Pre-Merger and Current

AIRPORT	PRE-MERGER (H1 2008)	CURRENT (H1 2012)	CHANGE 1/
Delta/Northwest Average Yield per Coupon Mile for Outbound Domestic O&D Travelers at Delta Hubs			
ATL	$0.185	$0.201	8.6%
DTW	$0.146	$0.189	**29.5%**
MSP	$0.206	$0.197	-4.4%
SLC	$0.143	$0.159	11.2%
JFK	$0.113	$0.121	7.1%
MEM	$0.239	$0.248	3.8%
CVG	$0.261	$0.210	-19.5%

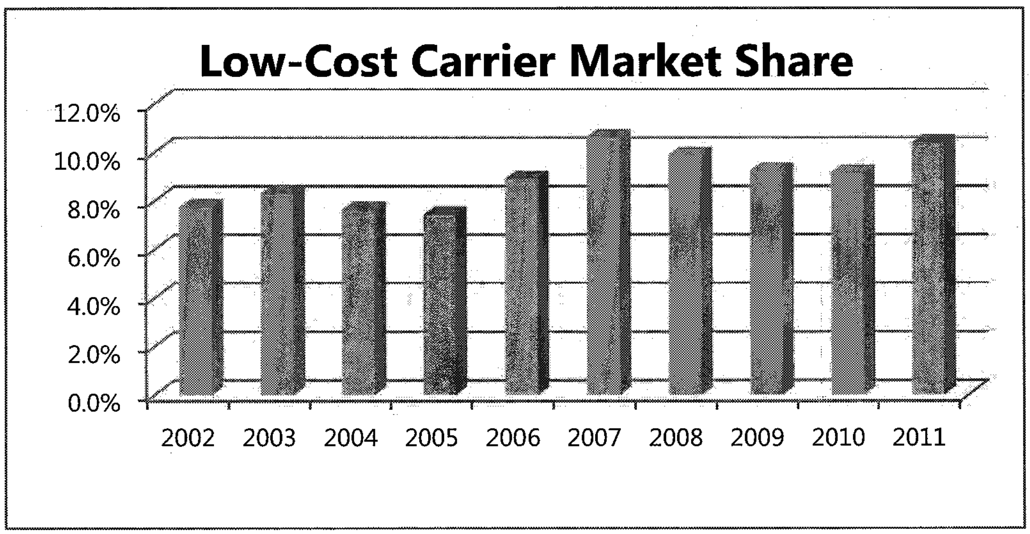
NOTE:
1/ Percentage change in average yield per coupon mile.

SOURCE: US DOT Origin & Destination Survey of Airline Passenger Traffic, May 2012.
PREPARED BY: Ricondo & Associates, Inc., May 2012.

Table 5-12 Historical Low-Cost Carrier Market Share [1/]

(In Thousands for Operating Years ending September 30)

YEAR	LOW COST CARRIER ENPLANEMENTS	ANNUAL GROWTH	TOTAL AIRPORT ENPLANEMENTS	TOTAL AIRPORT GROWTH	LCC MARKET SHARE
2002	1,203	(2.2%)	15,593	(8.7%)	7.7%
2003	1,349	12.2%	16,278	4.4%	8.3%
2004	1,320	(2.1%)	17,317	6.4%	7.6%
2005	1,358	2.8%	18,286	5.6%	7.4%
2006	1,583	16.6%	17,800	(2.7%)	8.9%
2007	1,920	21.3%	18,108	1.7%	10.6%
2008	1,761	(8.3%)	17,831	(1.5%)	9.9%
2009	1,468	(16.6%)	15,941	(10.6%)	9.2%
2010	1,449	(1.3%)	15,876	(0.4%)	9.1%
2011	1,684	16.2%	16,226	2.2%	10.4%
Compound Annual Growth Rate					
2002 - 2007	9.8%		3.0%		
2007 - 2011	(3.2%)		(2.7%)		
2002 - 2011	3.8%		0.4%		



NOTES: Figures may not add due to rounding.

1/ Low-Cost Carriers Include AirTran, American Trans Air, Frontier, Independence Air, Southwest, and Spirit Airlines.

SOURCE: Wayne County Airport Authority, May 2012.

PREPARED BY: Ricondo & Associates, Inc., May 2012.

5.4.4 MAINLINE AND REGIONAL TRAFFIC

In addition to the recent growth in low-cost carrier enplanements at the Airport, historical data illustrates a shift in the makeup of the air carrier fleet operating at the Airport. **Table 5-13** presents air carrier enplanements by mainline aircraft, those aircraft having greater than 90 seats, and regional aircraft for the period of OY 2002 through OY 2011. As shown, regional enplanements increased at a CAGR of 14.0 percent over the period, while mainline enplanements decreased at a compound annual rate of 3.1 percent. Regional enplanements at the Airport increased in every year of the period, experiencing year-over-year increases ranging from 0.9 percent in OY 2007 as compared to OY 2006 to 29.9 percent in OY 2005 as compared to OY 2004. Higher regional enplanement growth rates over the period resulted in the share of regional enplanements at the Airport increasing from 11.5 percent in OY 2002 to 36.0 percent in OY 2011. Regional enplanement growth at the Airport reflects a similar nationwide trend in which legacy mainline carriers are increasing the amount of service provided by affiliated regional carriers operating regional aircraft, such as 50 to 70-seat regional jet aircraft.

5.5 Historical Aircraft Operations and Landed Weight

Table 5-14 presents historical aircraft operations at the Airport between OY 2002 and OY 2011. The categories of aircraft operations shown conform to categories compiled by the FAA. Overall, total aircraft operations have decreased at the Airport at a compound annual rate of 0.9 percent over the period presented. More specifically, air carrier operations peaked at 337,817 operations in OY 2002 and have since decreased each year, equaling 191,893 operations in OY 2011. A recent trend in the airline industry has been to decrease capacity to attempt to better match overall demand and profitability, which has resulted in higher load factors throughout the national aviation system. This capacity reduction has also contributed to recent decreases in the Airport's aircraft operations.

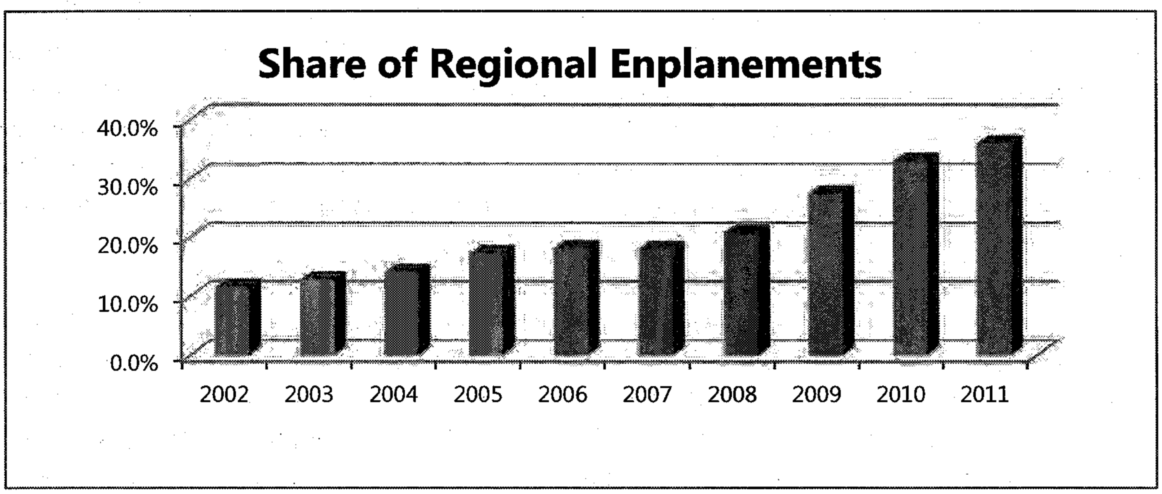
Two all-cargo carriers operate at the Airport: FedEx and United Parcel Service. DHL, an all-cargo carrier previously operated at the Airport, but ceased operations in June 2009. Additionally, passenger airlines also carry "belly cargo" to and from the Airport. **Table 5-15** presents the historical airline cargo tonnage at the Airport for the period OY 2002 through OY 2011. As shown, total airline cargo over this period has decreased at a compound annual rate of 1.6 percent. Contributing to this decrease in cargo tonnage are the restrictions the Federal government has imposed after September 11 to address potential security issues and the recent global economic recession. As also shown in Table 5-15, total airline cargo at the Airport decreased 30.4 percent in OY 2009 from OY 2008 levels, primarily due to Delta's corporate decision to decrease Northwest Cargo activity systemwide following their merger.

Table 5-16 presents the historical share of landed weight by commercial airlines at the Airport between OY 2007 and OY 201.10. As shown, total landed weight for the commercial airlines has decreased over this period from 24.4 million thousand-pound units to 20.9 million thousand-pound units. Similar to the enplanement share, Delta and Northwest along with their regional affiliates consistently accounted for over 74 percent of the Airport's total landed weight over the period presented. The all-cargo carriers accounted for approximately 3 percent of the Airport's total landed weight between OY 2007 and OY 2011.

Table 5-13 Historical Air Carrier Enplanements - Mainline vs. Regional

(In Thousands for Operating Years ending September 30)

YEAR	MAINLINE ENPLANEMENTS	ANNUAL GROWTH	REGIONAL ENPLANEMENTS	ANNUAL GROWTH	TOTAL ENPLANEMENTS	ANNUAL GROWTH	REGIONAL SHARE
2002	13,793	(10.5%)	1,799	7.5%	15,593	(8.7%)	11.5%
2003	14,200	0.0%	2,079	15.5%	16,278	4.4%	12.8%
2004	14,884	4.8%	2,432	17.0%	17,317	6.4%	14.0%
2005	15,126	1.6%	3,161	29.9%	18,286	5.6%	17.3%
2006	14,570	(3.7%)	3,230	2.2%	17,800	(2.7%)	18.1%
2007	14,848	1.9%	3,260	0.9%	18,108	1.7%	18.0%
2008	14,127	(4.9%)	3,705	13.6%	17,831	(1.5%)	20.8%
2009	11,567	(18.1%)	4,375	18.1%	15,941	(10.6%)	27.4%
2010	10,651	(7.9%)	5,225	19.4%	15,876	(0.4%)	32.9%
2011	10,390	(2.5%)	5,836	11.7%	16,226	2.2%	36.0%
Compounded Annual Growth Rate							
2002 - 2007	1.5%		12.6%		3.0%		
2007 - 2011	(8.5%)		15.7%		(2.7%)		
2002 - 2011	(3.1%)		14.0%		0.4%		



NOTE: Figures may not add due to rounding.

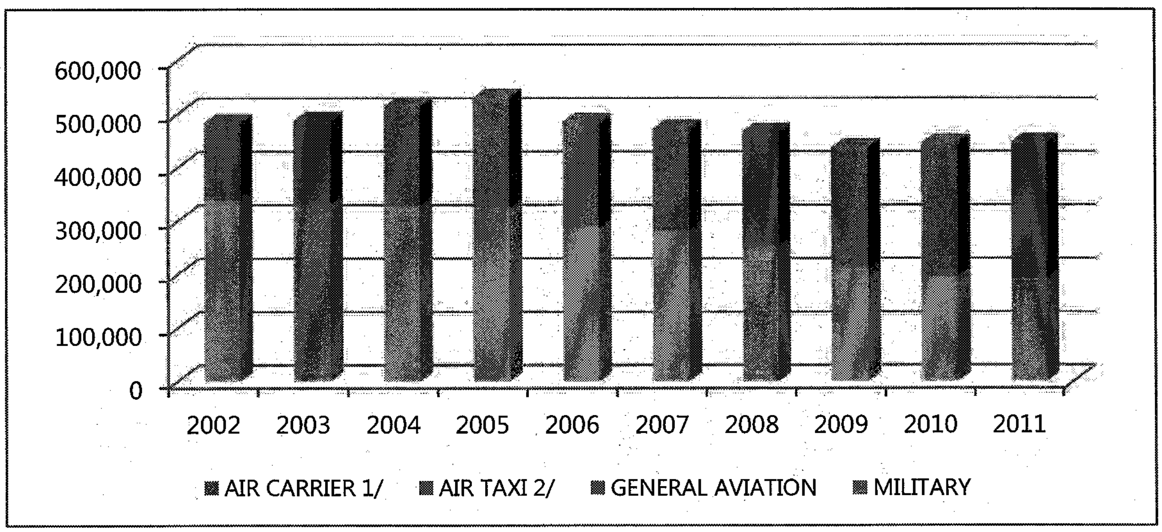
SOURCE: Wayne County Airport Authority, May 2012.

PREPARED BY: Ricondo & Associates, Inc., May 2012.

Table 5-14 Historical Aircraft Operations

(Operating Years ending September 30)

YEAR	AIR CARRIER 1/	AIR TAXI 2/	GENERAL AVIATION	MILITARY	TOTAL	GROWTH
2002	337,817	126,821	18,915	290	483,843	(10.8%)
2003	330,757	140,783	16,222	207	487,969	0.9%
2004	327,682	171,268	15,526	184	514,660	5.5%
2005	325,415	191,394	13,599	229	530,637	3.1%
2006	287,793	185,109	12,280	91	485,273	(8.5%)
2007	280,062	181,025	11,335	100	472,522	(2.6%)
2008	253,024	203,629	10,580	153	467,386	(1.1%)
2009	211,998	218,172	7,006	140	437,316	(6.4%)
2010	195,916	242,697	6,777	110	445,500	1.9%
2011	191,893	248,390	6,662	100	447,045	0.3%
Compound Annual Growth Rate						
2002 - 2005	(1.2%)	14.7%	(10.4%)	(7.6%)	3.1%	
2005 - 2011	(8.4%)	4.4%	(11.2%)	(12.9%)	(2.8%)	
2002 - 2011	(6.1%)	7.8%	(10.9%)	(11.2%)	(0.9%)	



NOTES:

1/ Aircraft with seating capacity of more than 90 seats or a maximum payload capacity of more than 18,000 pounds carrying passengers or cargo for hire or compensation.

2/ Aircraft designed to have a seating capacity of 90 seats or less or a maximum payload capacity of 18,000 pounds or less carrying passengers or cargo for hire or compensation.

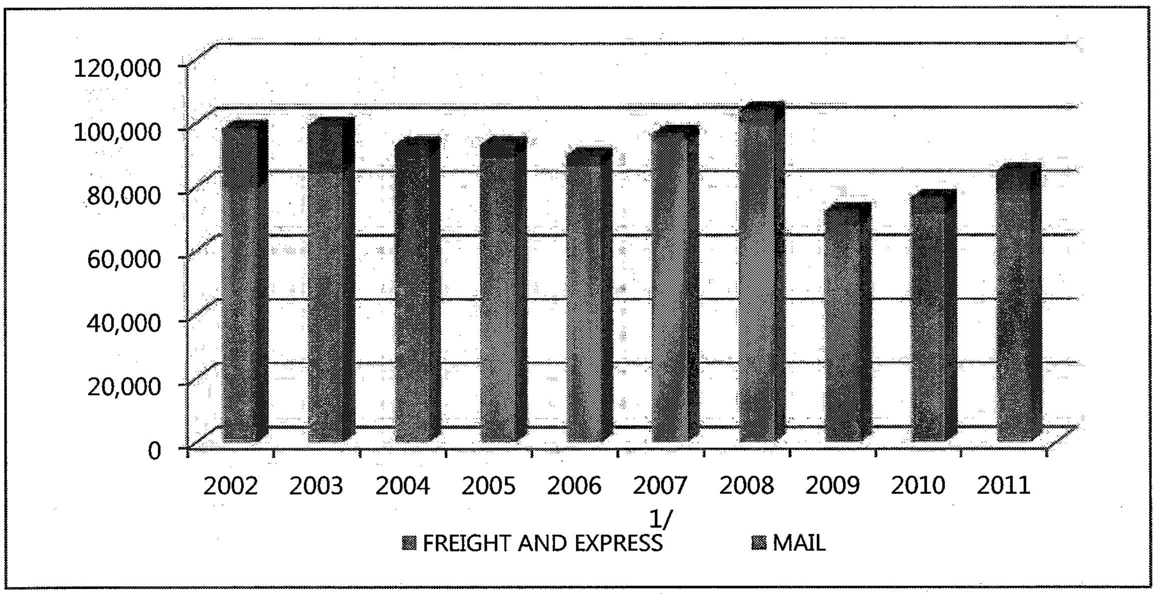
SOURCE: Wayne Couny Airport Authority (FAA ATADS), May 2012.

PREPARED BY: Ricondo & Associates, Inc., May 2012.

Table 5-15 Historical Airline Cargo

(Tons of Cargo for Operating Years ending September 30)

YEAR	FREIGHT AND EXPRESS	MAIL	TOTAL	GROWTH
2002	79,367	18,935	98,302	(19.0%)
2003	84,354	14,909	99,263	1.0%
2004	88,994	3,949	92,943	(6.4%)
2005	89,223	3,866	93,089	0.2%
2006	86,515	3,186	89,701	(3.6%)
2007 1/	94,226	2,253	96,479	7.6%
2008	99,578	4,225	103,803	7.6%
2009	68,021	4,264	72,285	(30.4%)
2010	71,409	4,950	76,359	5.6%
2011	77,756	6,973	84,729	11.0%
Compound Annual Growth Rate				
2002 - 2005	4.0%	(41.1%)	(1.8%)	
2005 - 2011	(2.3%)	10.3%	(1.6%)	
2002 - 2011	(0.2%)	(10.5%)	(1.6%)	



NOTE:

1/ Lufthansa Airlines' cargo was reported for the first time in October 2007 covering the period from February 2007 to September 2007. Prior year data is unavailable for comparison.

SOURCE: Wayne Couny Airport Authority, May 2012.

PREPARED BY: Ricondo & Associates, Inc., May 2012.

Table 5-16 Historical Landed Weight by Airline [1/]

(Weight in 1,000-Pound Units for Operating Years ending September 30)

	2007		2008		2009		2010		2011	
	LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE
Delta/Northwest [2/]										
Northwest	17,674,478	72.6%	17,194,532	73.6%	15,482,220	73.7%	8,742,400	43.3%	-	-
Delta	453,284	1.9%	481,637	2.1%	786,203	3.7%	7,155,870	35.5%	16,322,310	78.0%
Subtotal Delta/Northwest	**18,127,762**	**74.4%**	**17,676,169**	**75.7%**	**16,268,423**	**77.5%**	**15,898,270**	**78.8%**	**16,322,310**	**78.0%**
Other Airlines										
Spirit Airlines	1,116,697	4.6%	925,981	4.0%	690,048	3.3%	637,083	3.2%	752,623	3.6%
Southwest Airlines	883,222	3.6%	833,750	3.6%	706,040	3.4%	668,576	3.3%	732,074	3.5%
US Airways	659,987	2.7%	629,708	2.7%	606,233	2.9%	616,576	3.1%	668,751	3.2%
United	818,942	3.4%	774,952	3.3%	664,531	3.2%	576,334	2.9%	571,845	2.7%
American	655,051	2.7%	614,370	2.6%	554,695	2.6%	505,541	2.5%	499,700	2.4%
Federal Express	525,479	2.2%	477,212	2.0%	374,202	1.8%	361,807	1.8%	409,567	2.0%
AirTran	302,472	1.2%	240,128	1.0%	240,496	1.1%	225,504	1.1%	241,608	1.2%
United Parcel Service	204,976	0.8%	195,473	0.8%	171,687	0.8%	171,234	0.8%	171,832	0.8%
Lufthansa	229,272	0.9%	243,753	1.0%	174,062	0.8%	142,243	0.7%	147,477	0.7%
Air France	116,552	0.5%	114,617	0.5%	122,641	0.6%	138,582	0.7%	146,476	0.7%
Frontier Airlines	152,353	0.6%	147,774	0.6%	140,742	0.7%	126,776	0.6%	143,844	0.7%
Royal Jordanian	40,698	0.2%	41,895	0.2%	42,294	0.2%	41,097	0.2%	40,698	0.2%
Air Canada	28,960	0.1%	28,994	0.1%	21,049	0.1%	14,506	0.1%	20,334	0.1%
Other [3/]	494,280	2.0%	414,134	1.8%	227,503	1.1%	43,134	0.2%	54,574	0.3%
Subtotal Other Airlines	**6,228,941**	**25.6%**	**5,682,741**	**24.3%**	**4,736,223**	**22.5%**	**4,268,995**	**21.2%**	**4,601,403**	**22.0%**
Total Airlines	**24,356,703**	**100.0%**	**23,358,910**	**100.0%**	**21,004,646**	**100.0%**	**20,167,265**	**100.0%**	**20,923,713**	**100.0%**

NOTES:

1/ Includes regional affiliated carriers, as applicable.

2/ Northwest merged with Delta and the FAA granted a single operating certificate to Delta on December 31, 2009.

3/ Includes airlines with minimal market share or that may not operate at the Airport as of Operating Year 2012.

SOURCE: Wayne County Airport Authority, May 2012.

PREPARED BY: Ricondo & Associates, Inc., May 2012.

5.6 Factors Affecting Aviation Demand

This section discusses qualitative factors that could influence future aviation activity at the Airport. While data and/or information related to these factors have not directly been incorporated into the projections of Airport activity discussed in Section 5.7 (e.g., jet fuel prices), these factors were indirectly considered and analyzed in developing the projections.

5.6.1 NATIONAL ECONOMY

Air travel demand is directly correlated to consumer income, business profits, and U.S. Gross Domestic Product (GDP). As consumer income, business profits, and GDP increase, so does demand for air travel. Econometric research by the International Air Transport Association[4] and the MIT International Center for Air Transportation[5] found that demand for air passenger service is responsive to changes in GDP with a very high correlation coefficient.

As noted in Chapter 4, the nation experienced an economic recession between December 2007 and June 2009, which was marked by a combination of declines in construction activity, falling home prices, rising oil prices, and a falling stock market. Following annual year-over-year increases between 2003 through 2007, demand for air travel weakened nationwide in 2008, registering a 3.1 percent decline during that year, followed by an additional 5.2 percent decline nationwide in 2009. In 2010 and 2011, air travel demand rebounded and scheduled passenger totals increased 2.6 and 1.8 percent, respectively, from the previous year's level. The 2011 passenger total still remained 4.0 percent below the level of 835.4 million in 2007, the peak level for passenger totals nationwide between 2000 and 2011.

Similar to air travel demand weakening nationwide in 2008, U.S. GDP decreased 0.3 percent in 2008 from 2007 levels (the first annual decrease in U.S. GDP since 1991), followed by a 3.5 percent decrease in 2009. Trends in U.S. GDP thereafter have improved, with the nation recording an increase of 3.0 percent in 2010 and a 1.7 percent increase in 2011. Recently, according to the "second" estimate released by the BEA, U.S. GDP increased 1.9 percent in the first quarter of 2012 from the fourth quarter of 2011. The rise in real GDP in recent years is reflective of positive contributions from stronger consumer spending, private inventory investment, residential and nonresidential fixed investment, and exports during these periods. In September 2010, the National Bureau of Economic Research determined that a trough in business activity occurred in the U.S. economy in June 2009, thus officially marking the end of the recession that began in December 2007 and the beginning of an expansion. The recession lasted 18 months, which makes it the longest of any recession since World War II.

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4 *Air Travel Demand, IATA Economics Briefing No. 9,* International Air Transport Association, April 2008.

5 *Analysis of Interaction Between Air Transportation and Economic Activity: A Worldwide Perspective,* MIT International Center for Air Transportation, March 2009.

The most recently published surveys of leading economists by the National Association for Business Economics (NABE) and the Blue Chip Economic Indicators indicate consensus for modest U.S. annual real GDP growth through 2013 – roughly consistent with the latest forecast by the U.S. Federal Reserve Open Market Committee (FOMC).[6] The May 2012 NABE forecast projects U.S. real GDP growth of 2.4 percent for 2012 and 2.8 percent in 2013. The June 2012 Blue Chip Economic Indicators forecast has a similar outlook, projecting 2.1 percent growth in U.S. real GDP for 2012 and 2.6 percent growth in 2013.[7] According to the latest FOMC forecast, U.S. real GDP is projected to grow between 1.4 to 2.9 percent in 2012, 2.2 to 2.8 percent in 2013, 3.0 to 3.5 percent in 2014 and 2.3 to 2.5 percent beyond the 2014 period, which suggests the upward trend in nationwide air travel should continue.[8] However, should the economy stall, or again trend downward (e.g., encounter a "double-dip" recession), aviation demand nationwide would likely be negatively impacted.

5.6.2 STATE OF THE AIRLINE INDUSTRY

In the aftermath of the events of September 11, the U.S. airline industry saw a material adverse shift in the demand for air travel. The result was five years of reported industry operating losses between 2001 and 2005, totaling more than $28 billion (excluding extraordinary charges and gains). Following the restructuring years after the events of September 11, the airline industry finally gained ground in 2007 with virtually every U.S. airline posting profits. In 2008 and through the first half of 2009, the combination of record high fuel prices, weakening economic conditions, and a weak dollar resulted in the worst financial environment for U.S. network and low-cost carriers since the September 11, 2001 terrorist attacks. In 2008, many of the domestic network competitors announced significant capacity reductions, increases in fuel surcharges, fares and fees, and other measures to address the challenges.

Whereas the capacity reductions following the events of September 11 were the direct results of reduced demand due to perceived terror threats targeting the traveling public, the industry reductions starting in late 2008 and continuing through the first half of 2009 were primarily driven by significant increases in fuel costs over a span of two and a half years, a weak dollar exacerbating the impact of increased fuel costs for U.S. airlines, and the contraction of the U.S. economy. After nearly a $8 billion profit for the global airline industry in 2011, the International Air Transport Association (IATA) is predicting a $3.0 billion profit for the global industry in 2012. Globally, passenger traffic increased 5.9 percent in 2011 over 2010. Even though recovery is uneven across different regions, North American airlines profits are projected to be $1.4 billion in 2012, compared to the $1.3 billion profit in 2011. The increase in profit is due to North American carriers' strict control on capacity.

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6 Source: National Association of Business Economics, *NABE Outlook May 2012*, available online at http://nabe.com/press/outlook1205.pdf. Accessed in July 2012.

7 Source: Barron's, *Economic Beat: The Chips are a Mixed Bag*, June 23, 2012.

8 Source: U.S. Federal Reserve, *Economic Projections of Federal Reserve Board Members and Federal Reserve Bank Presidents, June 2012*, available online at http://www.federalreserve.gov/monetarypolicy/files/fomcprojtabl20120620.pdf. Accessed in July 2012.

5.6.3 FACTORS DIRECTLY AFFECTING THE AIRLINE INDUSTRY

5.6.3.1 Cost of Aviation Fuel

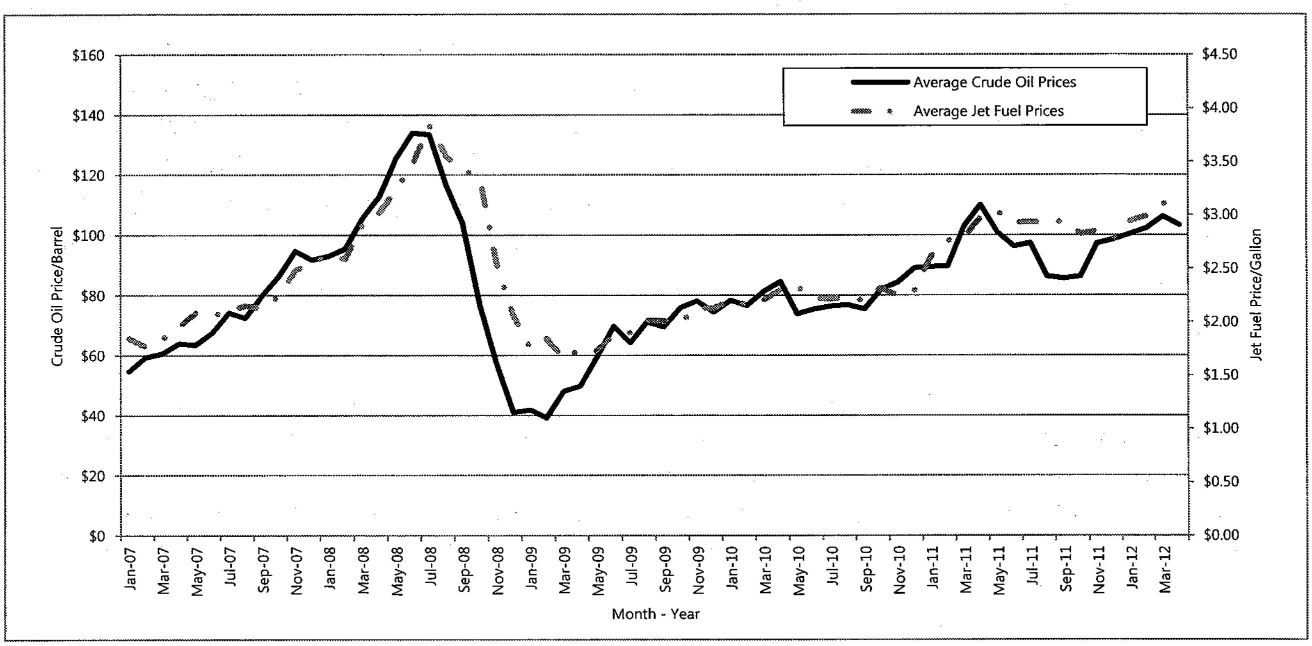
The price of fuel is one of the most significant forces affecting the airline industry today. In 2000, jet fuel accounted for nearly 14 percent of airline industry operating expenses and, historically, fuel expense was the second highest operating expense for the airline industry behind labor. In 2008, jet fuel surpassed labor as an airline's largest operating expense and, according to the ATA, fuel comprised approximately 30.6 percent of an airline's total operating costs while labor represented approximately 20.3 percent of the total. As oil prices fell in the first quarter of 2009, fuel expenses retreated and labor once again became the airline industry's largest operating expense representing 25.8 percent of total operating expenses while fuel was at 21.3 percent.

The average price of jet fuel was $0.82 per gallon in 2000 compared to $2.87 per gallon in 2011, an increase of 250 percent. According to the ATA, every one-cent increase in the price per gallon of jet fuel increases annual airline operating expenses by approximately $190 million to $200 million.

If jet fuel prices approach or surpass their mid-2008 peak (July 2008's average price was $3.84), aviation demand nationwide may be negatively impacted due to potential route reductions the airlines might make or higher ticket prices the airlines might impose in efforts to remain profitable. The average price of jet fuel in April 2012 was $3.13 per gallon, a 5.4 percent increase over the April 2011 average price ($2.97).

Exhibit 5-2 shows the monthly averages of jet fuel and crude oil prices from January 2007 through April 2012.

Exhibit 5-2 Historical Monthly Averages of Jet Fuel and Crude Oil Prices



SOURCE: Air Transport Association, June 2012.
PREPARED BY: Ricondo & Associates, Inc., June 2012.

5.6.3.2 Airline Scheduled Seat Capacity

The airlines continue to restrain growth in capacity due to the weak economy and relatively high fuel prices, keeping in place reductions they implemented beginning in 2008. The height of the industry capacity decline occurred in the first quarter of 2009, as domestic seat-capacity declined by 11.0 percent versus the first quarter of 2008. Demand for domestic air travel, as measured by revenue passenger miles (RPMs), slipped at a similar rate of 11.6 percent during this period. According to *usatoday.com*, scheduled domestic capacity was down 1.6 percent in May 2012 compared to the same month in 2011.[9]

The business model for airlines has changed due, in part, to recent soaring oil prices, as the airlines now focus on better matching supply (seats) with demand (passengers). This capacity "right-sizing" and discipline has resulted in higher yields (as measured by revenue passenger miles) in recent years. Domestic mainline passenger yields (per coupon mile) increased from $0.1195 in 2009 to $0.1359 in 2011, a compound annual growth rate of 6.6 percent during this period. Domestic passenger yields for regionals/commuters decreased at a compound rate of 4.1 percent between 2009 and 2011; however, this decrease was more a function of longer trip lengths due to a growing number of larger and faster regional jet aircraft rather than failing to "right-size" capacity.

5.6.3.3 Threat of Terrorism

As has been the case since September 11, the recurrence of terrorism incidents against either domestic or world aviation during the Projection Period remains a risk to achieving the activity projections contained herein. Tighter security measures have restored the public's confidence in the integrity of U.S. and world aviation security systems. Any terrorist incident aimed at aviation could have an immediate and significant impact on the demand for aviation services.

5.6.3.4 Airline Mergers and Acquisitions

In recent years airlines have experienced increased costs and industry competition both domestically and internationally. As a result, airlines have merged and acquired competitors in an attempt to combine operations in order to increase cost synergies and become more competitive. In 2009, Delta fully completed its merger with Northwest Airlines (discussed in detail below), which initiated a wave of airline mergers and acquisitions within the U.S. That same year, Republic Airways Holdings, a regional airline, bought Frontier Airlines of Denver and Midwest Airlines of Milwaukee. In October 2010, United Airlines and Continental Airlines merged, creating the world's largest airline in terms of operating revenue and revenue passenger miles.

On May 2, 2011, Southwest announced the closing of its acquisition of AirTran Holdings, Inc., the former parent company of AirTran. The acquisition will extend Southwest's route network and add new markets, such as Atlanta (the largest domestic market Southwest currently does not serve) and Reagan National Airport (Washington, D.C.), and provides access to international leisure markets in the Caribbean and Mexico.

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9 Source: http://www.usatoday.com/travel/flights/airline-capacity-map.htm. The data reflect what airlines had reported to Official Airline Guide (OAG) regarding their May 2012 schedules as of April 3, 2012.

Southwest plans to integrate AirTran into the Southwest brand by transitioning the AirTran fleet to the Southwest's livery and consolidating corporate functions into its Dallas headquarters. The FAA granted the airline a single operating certificate on March 1, 2012, allowing Southwest to work toward full integration.

AMR Corporation (AMR), the parent company of American Airlines, filed for bankruptcy protection on November 28, 2011. In January 2012, US Airways Group publicly expressed interest in merging with AMR. AMR plans to emerge from bankruptcy protection at the end of 2012 and has publicly stated that a range of strategic options for the future of the company will be examined, including potential mergers.

5.7 Delta Air Lines

Given that the Airport is a major hub in the Delta route network, and that Delta along with Delta Connection Carriers enplanes approximately 80 percent of the Airport's enplaned passengers, Delta's business decisions regarding its system network are likely to impact activity at the Airport. While it is impossible to accurately predict all changes that may occur in Delta's route network, an examination of the recent merger between Delta and Northwest and Delta's plans for the future are important considerations in this analysis.

5.7.1 DELTA AND NORTHWEST MERGER

On April 14, 2008, Delta and Northwest announced the merger of the two companies, subject to regulatory review and approval, and on October 29, 2008, Delta acquired Northwest as a wholly owned subsidiary. The FAA granted a single operating certificate to Delta on December 31, 2009 and Northwest merged into and with Delta, and by January 2011 the Northwest brand disappeared. At the time, the merger created the world's largest airline. Following the initial merger announcement, Delta often indicated that it expected to retain its existing hub airports, stating that the Airport would serve as the premier hub in the Great Lakes region.[10] As a result of the Airport's competitive assets including (1) its central geographic position, (2) substantial airfield and terminal processing capability, (3) the benefits of its local market, (4) limited local airport competition, and (5) its competitive airline cost structure, the Airport has remained and should remain an attractive location for a major airline hub and an important O&D market. An appropriate metric to examine the Airport's role in the Northwest system network pre-merger compared to its role in the Delta system network post-merger is the Airport's share of Delta and Northwest hub airports' scheduled departing seats before and after the merger.

[10] Delta and Northwest: Creating America's Premier Global Airline, www.newglobalairline.com, accessed September 2008.

Table 5-17 presents Official Airline Guide data comparing scheduled daily departing seat data for Delta's current hubs for representative pre-merger (first half of CY 2008) and post-merger (first half of CY 2012) periods. As shown, the Airport decreased slightly from a 16.5 percent share to a 16.1 percent share of total Delta and Northwest hub domestic scheduled departing seats for the pre-merger and post-merger periods presented, and MSP's share has decreased from a 17.1 percent share pre-merger to a 16.0 percent share post-merger for the same periods. CVG's share of total Delta and Northwest hub scheduled domestic departing seats has decreased by approximately 60 percent from an 8.8 percent share pre-merger to a 3.5 percent post-merger. When comparing the presented pre-merger and post-merger periods, the Airport maintained its position of having the third largest share of total Delta and Northwest hub international scheduled departing seats. Thus, based on the analysis above, the Airport has maintained its role through the merger as Delta's premier Midwest hub which chiefly flows traffic to the markets in the eastern and western U.S. and an international gateway that primarily serves Asia.

5.7.2 THE AIRPORT AND DELTA'S SYSTEM

To gain a better understanding of Delta's current operations at the Airport, its future plans for the Airport, and to substantiate the assumptions underlying the forecast of short and long-term air service provided by Delta at the Airport, R&A conducted a telephone interview with Delta's General Manager of Corporate Real Estate, who has responsibility for the Detroit market, and its Director of State and Local Government Affairs to review information provided by Delta's Network Planning Department.[11] Specific points from this interview are discussed below:

- The Airport primarily functions as an important Midwest connecting hub, and is a primary connector for Delta's international operations, including Asia, Europe, and Latin America. Because of the Airport's large O&D base and ideal geographic location, Delta is able to move passengers from the U.S. Midwest to anywhere in the world, as well as move passengers travelling from the U.S. East Coast to U.S. West Coast or vice versa. Turning the Airport into an Asian gateway is the result of combining Delta's and Northwest's respective route strengths and available fleet mix. For example, Delta, with its significant presence from the U.S. East Coast, enhanced the Airport as a central connecting point within Delta's system network. Whereas Northwest, pre-merger, did not have the domestic strength to effectively feed its international operations, the combined carrier has additional resources and thus the ability to expand to other regions of the world that Northwest could not do alone. Since the merger, Delta has expanded operations at the Airport with considerable additional international services, such as Seoul (Incheon), South Korea, Hong Kong, Sao Paulo, Brazil, Shanghai, China, Rome, Italy, and Paris, France.

[11] Telephone interview was conducted on June 6, 2012. In addition to reviewing information provided by Delta in June 2012, the conference call also discussed and confirmed the continued relevancy of information provided in a previous conference call conducted on October 27, 2010.

Table 5-17 Delta Air Lines/Northwest Airlines Pre- and Post Merger Daily Departing Seats Comparison

DELTA AIR LINES/NORTHWEST AIRLINES PRE- AND POST MERGER DAILY DEPARTING SEATS

	PRE-MERGER (H1 2008)			POST-MERGER (H1 2012)			POST-MERGER H (L) THAN PRE-MERGER, %		
AIRPORT	DOMESTIC	INTERNATIONAL	TOTAL	DOMESTIC	INTERNATIONAL	TOTAL	DOMESTIC	INTERNATIONAL	TOTAL
ATL	94,204	14,394	108,599	103,700	13,481	117,181	10.1%	(6.3)%	7.9%
DTW	42,734	5,717	48,451	37,037	4,730	41,767	(13.3)%	(17.3)%	(13.8)%
MSP	44,119	4,352	48,471	36,992	3,441	40,432	(16.2)%	(20.9)%	(16.6)%
SLC	25,224	884	26,109	21,861	685	22,545	(13.3)%	(22.6)%	(13.6)%
JFK	12,722	6,476	19,198	12,566	6,717	19,283	(1.2)%	3.7%	0.4%
MEM	16,496	809	17,305	10,351	140	10,490	(37.3)%	(82.7)%	(39.4)%
CVG	22,825	1,147	23,972	8,057	342	8,399	(64.7)%	(70.2)%	(65.0)%
Total	**258,326**	**33,779**	**292,104**	**230,562**	**29,534**	**260,097**	**(10.7)%**	**(12.6)%**	**(11.0)%**

DELTA AIR LINES/NORTHWEST AIRLINES PRE- AND POST MERGER DAILY DEPARTING SEAT SHARE

	PRE-MERGER (H1 2008)			POST-MERGER (H1 2012)			POST-MERGER H (L) THAN PRE-MERGER, %		
AIRPORT	DOMESTIC	INTERNATIONAL	TOTAL	DOMESTIC	INTERNATIONAL	TOTAL	DOMESTIC	INTERNATIONAL	TOTAL
ATL	36.5%	42.6%	37.2%	45.0%	45.6%	45.1%	8.5	3.0	7.9
DTW	16.5%	16.9%	16.6%	16.1%	16.0%	16.1%	(0.5)	(0.9)	(0.5)
MSP	17.1%	12.9%	16.6%	16.0%	11.7%	15.5%	(1.0)	(1.2)	(1.0)
SLC	9.8%	2.6%	8.9%	9.5%	2.3%	8.7%	(0.3)	(0.3)	(0.3)
JFK	4.9%	19.2%	6.6%	5.5%	22.7%	7.4%	0.5	3.6	0.8
MEM	6.4%	2.4%	5.9%	4.5%	0.5%	4.0%	(1.9)	(1.9)	(1.9)
CVG	8.8%	3.4%	8.2%	3.5%	1.2%	3.2%	(5.3)	(2.2)	(5.0)
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**			

SOURCE: Official Airline Guide, May 2012.

PREPARED BY: Ricondo & Associates, Inc., May 2012.

- The combined airline will be able to expand more effectively at the Airport than Northwest could do on its own prior to the merger. Synergies created from the merger provide for more growth opportunities and mitigate impacts of economic downturns. Because of Delta's long-term terminal and Airport investments, the Airport is a strong connecting hub for Delta, with significant amounts of growth potential arising from gate resources.
- Delta currently serves top Asian destinations from the Airport[12] demonstrating the airline's commitment to utilize the Airport as an Asian gateway. Over the past year, Delta has expanded Shanghai service at the Airport from less than daily to daily year-round service. Delta also plans to expand Seoul (Incheon) and Beijing service to daily year-round service. In the Trans-Atlantic market, Delta provides nonstop service from the Airport to SkyTeam hubs in Amsterdam, Paris, and Rome. As a result, these markets not only feed traffic from beyond Detroit but also feed traffic from SkyTeam members' flights beyond their respective hubs in Europe. Delta also serves London–Heathrow (the number one European market) and Frankfurt from the Airport. In October 2010, Delta inaugurated twice-weekly nonstop flights from the Airport to Sao Paulo, South America's largest business market, creating a new gateway to Brazil from the Midwest. In January 2012, this nonstop service was increased to seven-weekly flights.
- The Airport is Delta's second busiest hub in terms of CY 2011 and mid-year CY 2012 seats and departures and its busiest hub in the Midwest. Delta generally uses the Airport to capture east – west traffic flows (i.e. from the U.S. Northeast and U.S. Midwest regions to the U.S. West Coast) and funnels this traffic more efficiently than its Atlanta hub because of the Airport's central-U.S. location. While Cincinnati is also a Midwest hub for Delta, Cincinnati has a smaller O&D market compared to the Airport which is why the company places a greater emphasis on the Detroit market, having decreased total scheduled departing seats from Cincinnati by approximately 65 percent since the merger (see Section 2.2.3). Delta's Minneapolis hub also handles east – west traffic flows, however, focuses more on serving U.S. Pacific Northwest and Western Canada, while also serving certain U.S. West Coast destinations that may also be served from the Airport.
- Regarding post-merger impacts, the Airport has been the most stable of all Delta hubs with regard to number of flights and seats, with overall slight growth since the merger was completed in 2008. Delta has seen a shift towards connecting passengers system-wide. As a result, Delta has placed a greater emphasis on the Airport as a connecting facility due in large part to its geographic location. Delta's current composition of traffic at the Airport is approximately 30 percent local (O&D) and approximately 70 percent connecting due to an increase in connecting traffic as opposed to a decrease in O&D traffic. This is on par with other U.S. major connecting hubs. Delta expects its ratio of O&D to connecting passengers at the Airport in the future to remain consistent with present levels. Five years prior, the composition of Delta/Northwest traffic at the Airport was approximately 60 percent connecting; however, as described above, that share has now stabilized at approximately 70 percent.

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12 As of July 2012, Delta provides nonstop service to the Asian cities of Beijing, Hong Kong, Nagoya, Seoul, and Tokyo (Haneda and Narita airports). On August 29, 2012, Delta will discontinue nonstop service to Hong Kong and re-route its Hong Kong passengers through its Tokyo (Narita) hub.

- In the last two years, Delta has seen an increase in market share capture and revenue generation from its corporate clients based in the Detroit region, especially from the auto industry as major manufacturers have emerged from bankruptcy and returned to profitability. Through the downturn and ongoing recoveries of the national and local economies, the Airport has performed very well as a hub. As the auto industry has restructured and returned to profitability (see Section 4.1.2), Delta has benefitted at the Airport as corporate travel needs have evolved with the growing international presence in the auto industry in the Air Trade Area.
- Regarding its competitive position in the Detroit market, Delta views Southwest and Spirit Airlines as smaller yet relevant competitors. These carriers operate 25 and 15 flights per day from the Airport, respectively, whereas Delta operates approximately 550 flights per day.
- Delta expects the company to continue modest growth in overall service at the Airport in the future, at least partly attributable to system-wide changes that it is making to its fleet. Over time, Delta expects to retire many of its less fuel-efficient 50-seat regional jet aircraft and replace them with larger, more fuel-efficient aircraft, such as dual class 76-seat regional jets and 117-seat Boeing 717 aircraft. This is likely to result in fewer flights to some destinations currently served by these smaller aircraft, but a similar number or slight increase in available seats for those destinations. While the specific routes that will experience fleet changes haven't been identified, it is reasonable to assume that scheduled seat capacity at the Airport will experience a net increase as these changes take place.

5.8 Projections of Aviation Demand

Projections of aviation demand were analyzed on the basis of local socioeconomic and demographic factors; the Airport's historical shares of U.S. enplanements; the impacts of the factors described previously; and anticipated trends in air carrier usage of the Airport by Delta and other airlines. As such, a market share methodology and socioeconomic regression analyses were used to project Airport enplanements.

The following provides a general overview of the market share and socioeconomic regression methodologies used to project enplanements at the Airport:

- Market Share Approach. In this methodology, judgments are made as to how and to what extent the Airport's rate of growth in enplanements will differ from that projected for the nation by the FAA. The FAA's activity projections contained in FAA Aerospace Forecasts, Fiscal Years 2012-2032, were used as a basis for the market share analysis. On a macro scale, the FAA's U.S. projection provides a growth base reflecting how industry traffic in general is anticipated to grow in the future. The FAA's U.S. forecast considers factors such as the nation's economic health, aviation industry trends, and airline fuel and fare pricing trends. In the absence of significant local influences, activity at an airport would be expected to increase at a rate comparable to the national rate. The growth rate used for the Airport can be reflected as an increase or decrease in its future share of the market.
- Socioeconomic Regression Approach. A regression analysis compares proven relationships between various socioeconomic variables for the Airport's market area to O&D aviation activity. Regression models were developed to correlate the past relationship of these variables to the Airport's

enplanements and then to project this relationship using the independent forecasts of these economic/demographic variables. Independent variable inputs were tested, and a simple trend line was also determined to test the resulting projections. Of interest in the analyses, among other factors, was how well each socioeconomic variable and trend analysis explained the annual variations in enplaned passengers at the Airport (i.e., the model's coefficient of determination R^2).

The Airport's demand for O&D air service is generally driven by factors directly related to the Air Trade Area's demographic and economic characteristics. As such, five socioeconomic variables were analyzed separately as the independent variable for the regression analysis: population, income, per capita income (PCPI), employment, and gross regional product. Historical and projected data for these independent variables were provided by Woods & Poole.

5.8.1 ACTIVITY PROJECTION ASSUMPTIONS

The projections are based on a number of underlying assumptions, including:

- The underlying economic conditions of the Air Trade Area are anticipated to drive future demand for O&D air travel at the Airport. The recent restructuring of the "Big 3" U.S. automakers inside and outside of the bankruptcy process has not diminished the Air Trade Area's status as the "Automotive Capital of the World". The Air Trade Area produces more vehicles than any other metropolitan area in the United States and continues to be a global leader in the automotive industry due to the large number of R&D facilities located throughout the region. The rapid globalization of the automobile industry will continue to drive demand for air transportation in the Air Trade Area.
- The Airport will continue its role of serving both O&D passengers and as a major connecting hub for Delta. The Airport will continue to serve as a connecting point for Delta to primarily short- to medium-haul markets in the eastern half of the U.S., and will continue to be one of Delta's major international gateways for both European and Asian traffic. The Airport will also continue to serve all major O&D markets in the U.S.
- Regional competition with other airports in or near the Air Trade Area is currently and is expected to remain relatively limited, given the Airport's major advantage of air service as compared to other regional airports.
- Airline consolidation/mergers that may occur during the Projection Period (e.g., American/US Airways) are not likely to negatively impact passenger activity levels at the Airport. New airline alliances, should they develop, will be restricted to code sharing and joint frequent flyer programs, and will not reduce airline competition at the Airport.
- The Airport's competitive assets including (1) its central geographical position, (2) substantial airfield and terminal processing capability, (3) the benefits of its local market, (4) limited local airport competition, and (5) its competitive airline cost structure will maintain the Airport as an attractive location for a major airline hub and an important O&D market.
- For these analyses, and similar to the FAA's nationwide projections, it is assumed that there will not be terrorist incidents during the Projection Period that have significant, negative, and prolonged impacts on aviation demand.

- Economic disturbances will occur during the Projection Period causing year-to-year traffic variations; however, long-term increases in nationwide and Airport traffic are expected to occur.
- It is assumed no major "Acts of God" which may disrupt the national and/or global airspace system, such as the 2010 volcanic eruption in Iceland, will occur during the Projection Period that negatively impact aviation demand.

Many of the factors influencing aviation demand cannot necessarily or readily be quantified; and any projection is subject to uncertainties. As a result, the projection process should not be viewed as precise. Actual future traffic levels at the Airport may differ from projections presented herein because events and circumstances do not occur as expected, and these differences may be material.

5.8.2 ENPLANEMENT PROJECTIONS

Table 5-18 presents historical and projected enplaned passengers at the Airport. Specific assumptions and points regarding projected enplanements for the near-term (OY 2012) and the longer-term (OY 2013 to OY 2020) are discussed below.

5.8.2.1 Near-Term Projected Enplaned Passengers (OY 2012)

Based on nine months of OY 2012 data (October 2011 through June 2012), total domestic enplaned passengers were 0.5 percent higher in OYTD 2012 than for a similar period in OY 2011. A portion of this increase can be attributed to OY 2012 containing an extra day in February (Leap Year); however, this additional impact will be tempered somewhat when all 12 months of OY 2012 are considered. For purposes of this report, it was assumed that total domestic enplaned passengers at the Airport would increase slightly from 14,912,532 in OY 2011 to 14,963,200 in OY 2012, a CAGR of 0.3 percent during this period. Based on scheduled seat data from the Official Airline Guide and assumptions of load factors for May 2012 and September 2012, regional/commuter carriers are expected to account for 41 percent of total domestic enplaned passengers at the Airport, a slight increase from its 40 percent share in OY 2011. International enplaned passengers at the Airport were 4.9 percent higher for the first seven months of OY 2012 compared to a similar period in OY 2011. The combination of this OYTD increase and scheduled seat data from the Official Airline Guide/assumptions of load factors for May 2012 through September 2012 resulted in international enplaned passengers at the Airport increasing from 1,313,669 in OY 2011 to 1,360,400 in OY 2012, a CAGR of 3.6 percent during this period. Combining these projections, total enplaned passengers at the Airport are projected to increase from 16,226,201 in OY 2011 to 16,323,600 in OY 2012, a CAGR of 0.6 percent during this period.

Table 5-18 Enplanement Projections

(In Thousands for Operating Years ending September 30)

OPERATING YEAR	DOMESTIC MAJORS/ NATIONALS	DOMESTIC REGIONALS/ COMMUTERS	DOMESTIC TOTAL	INTERNATIONAL	AIRPORT TOTAL	ANNUAL GROWTH
Historical						
2002	12,595	1,733	14,328	1,265	15,593	(8.7%)
2003	12,855	2,062	14,917	1,361	16,278	4.4%
2004	13,485	2,430	15,915	1,402	17,317	6.4%
2005	13,779	2,980	16,758	1,528	18,286	5.6%
2006	13,191	3,131	16,322	1,478	17,800	(2.7%)
2007	13,346	3,236	16,581	1,527	18,108	1.7%
2008	12,591	3,680	16,271	1,560	17,831	(1.5%)
2009	10,314	4,309	14,622	1,319	15,941	(10.6%)
2010	9,533	5,081	14,614	1,262	15,876	(0.4%)
2011	9,111	5,801	14,913	1,314	16,226	2.2%
Projected						
2012	8,828	6,135	14,963	1,360	16,324	0.6%
2013	8,850	6,150	15,000	1,381	16,381	0.3%
2014	8,956	6,224	15,180	1,417	16,597	1.3%
2015	9,108	6,330	15,438	1,453	16,891	1.8%
2016	9,275	6,446	15,721	1,492	17,213	1.9%
2017	9,470	6,581	16,051	1,531	17,582	2.1%
2018	9,669	6,719	16,388	1,569	17,957	2.1%
2019	9,882	6,867	16,749	1,610	18,359	2.2%
2020	10,099	7,018	17,117	1,652	18,769	2.2%
Compound Annual Growth Rate						
2002 - 2011	(3.5%)	14.4%	0.4%	0.4%	0.4%	
2011 - 2020	1.2%	2.1%	1.5%	2.6%	1.6%	

NOTE: Figures may not add due to rounding.

SOURCES: Wayne County Airport Authority (Historical), May 2012; Ricondo & Associates, Inc. (Projected), July 2012.

PREPARED BY: Ricondo & Associates, Inc., July 2012.

5.8.2.2 Longer-Term Projected Enplaned Passengers (OY 2013 to OY 2020)

To develop longer-term projections of domestic enplaned passengers at the Airport, socioeconomic regression and trend analyses were conducted on domestic originating passengers to determine their usefulness in predicting future passenger trends. As discussed earlier, five socioeconomic regression models and a trend model were used in the analyses. Based on these analyses, the Income and PCPI regression models provided the highest coefficient of determination (R^2) - approximately 75 percent – and once their respective originating passengers were converted to enplaned passengers, would provide a reasonable target for longer-term projected domestic enplaned passengers. To convert these models' projected domestic originating passengers to domestic enplaned passengers, it was assumed that the OY 2011 connecting passenger percentage of 54.6 percent would remain constant through the Projection Period. Although year-to-year variations in this connecting percentage would be expected to occur during the Projection Period, this percentage has remained relatively stable over time and tested through the Delta/Northwest merger (see Table 5-4). Discussions with Delta indicated that increases to enplaned passengers at the Airport during the Projection Period would be more the result of up-gauging of equipment rather than increases in aircraft operations with similar aircraft fleet in place (e.g., introduction of B-717 aircraft expected to be purchased from Southwest, eventual elimination of 50-seat regional jets with 67-seat and 76-seat regional jets, etc.). Based on these analyses and assumptions, it is expected that domestic enplaned passengers at the Airport will increase from 14.9 million in OY 2011 to 17.1 million in OY 2020. This increase represents a CAGR of 1.5 percent during this period, compared to 2.3 percent projected nationwide by the FAA. Based on conversations with Delta, their regional/commuter mix is fully developed at the Airport and, therefore, no additional affiliates are expected during the Projection Period. It was assumed that, following the slight increase in the regional/commuter's share of total domestic enplaned passengers at the Airport in OY 2012, that its share would remain constant at approximately 41 percent between 2013 and 2020.

As discussed earlier, it is assumed that the Airport will continue to be one of Delta's major international gateways for both European and Asian traffic. Delta has signaled its commitment to building its presence at the Airport in the wake of its merger with Northwest, with several service enhancements since the merger, including (1) expanded service to Shanghai, (2) new nonstop services to Hong Kong and Seoul, South Korea, (3) returned its seasonal service to Rome with daily flights, (4) commenced daily service to Sao Paulo, (5) initiated nonstop service to Tokyo-Haneda to complement its existing Tokyo-Narita nonstop service, and (6) initiated five times weekly nonstop Detroit-Beijing service. These enhancements to Asian and European markets, the integration of Delta's pre-merger Latin American presence to the Detroit market, and the continued focus on the more profitable international markets will provide growth in international activity at the Airport during the Projection Period. Discussions with Delta, however, indicated that while growth is expected in this sector, it will be steady but slow. No major increases in international activity at the Airport are expected during the Projection Period. As a result, international enplaned passengers at the Airport are expected to increase from 1.3 million in OY 2011 to 1.7 million in OY 2020. This increase represents a CAGR of 2.6 percent during this period, compared to 3.9 percent projected nationwide by the FAA.

5.8.3 AIRCRAFT OPERATIONS AND LANDED WEIGHT PROJECTIONS

Projections of annual aircraft operations activity at the Airport are presented on **Table 5-19** for OY 2012 through 2020. Passenger airline operations projections are essentially based on assumptions regarding future decisions on how airlines will accommodate demand. For these projections, the overall industry shift from mainline aircraft equipment to regional affiliates was assessed. Additionally, the projections assume further increases in regional aircraft fleet mix as mainline legacy carriers retire older less-fuel efficient aircraft with larger regional jet aircraft. Compound annual growth in domestic passenger aircraft operations is projected at approximately 0.8 percent for this period, with international passenger aircraft operations increasing at a slightly higher rate than domestic activity. Specific points regarding projections of passenger airline operations are discussed below:

- As discussed earlier, discussions with Delta indicate that increases to enplaned passengers at the Airport during the Projection Period would be more the result of up-gauging of equipment rather than increases in aircraft operations with similar aircraft fleet in place. As a result, increases in aircraft scheduled seats at the Airport during the Projection Period are assumed to be more aggressive than that projected nationwide by the FAA.
  - Average seats per departure for domestic majors/nationals at the Airport are expected to increase from 151.6 seats in OY 2012 to 159.2 seats in OY 2020, an increase of approximately 0.90 seats per year during this period, compared to approximately 0.20 to 0.25 seats per year projected nationwide by the FAA.
  - Average seats per departure for domestic regionals/commuters at the Airport are expected to increase from 55.6 seats in OY 2012 to 66.6 seats in OY 2020, an increase of approximately 1.4 seats per year during this period, compared to approximately 0.45 to 0.50 seats per year projected nationwide by the FAA.
  - Average seats per departure for international activity at the Airport are expected to increase from 144.6 seats in OY 2012 to 150.6 seats in OY 2020, an increase of approximately 1.00 seat per year during this period, compared to approximately 0.45 to 0.50 seats per year projected nationwide by the FAA.
- Despite the relatively high increases in projected average seats per departure during the Projection Period, it is expected that the airlines at the Airport will continue to better match supply (seats) with demand (passengers) and, as such, load factors will continue to be maintained at or increased slightly from current levels.

Increased all-cargo activity at the Airport, typical of the industry overall, will also be more the result of up-gauging equipment rather than increasing aircraft operations with similar aircraft fleet in place. As shown, all-cargo activity at the Airport is projected to increase from 3,360 operations in OY 2012 to 3,950 operations in OY 2020. This increase represents a CAGR of 1.8 percent during this period, compared to 2.3 percent projected for air carriers nationwide by the FAA.

Table 5-19 Aircraft Operations Projections

(Operating Years ending September 30)

OPERATING YEAR	TOTAL DOMESTIC	INTERNATIONAL CARRIERS	PASSENGER AIRLINE TOTAL	ALL-CARGO	GENERAL AVIATION	MILITARY	TOTAL
Projected							
2012	410,400	27,400	437,800	3,360	6,700	120	447,980
2013	411,600	27,600	439,200	3,430	6,700	120	449,450
2014	413,200	28,000	441,200	3,500	6,700	120	451,520
2015	416,200	28,400	444,600	3,600	6,700	120	455,020
2016	420,400	28,800	449,200	3,700	6,700	120	459,720
2017	424,800	29,400	454,200	3,770	6,700	120	464,790
2018	429,600	29,800	459,400	3,840	6,700	120	470,060
2019	435,000	30,200	465,200	3,880	6,700	120	475,900
2020	441,000	30,600	471,600	3,950	6,700	120	482,370
Compound Annual Growth Rate							
2012 - 2020	0.8%	1.2%	0.8%	1.8%	0.0%	0.0%	0.8%

SOURCE: Ricondo & Associates, Inc. (Projected), July 2012.

PREPARED BY: Ricondo & Associates, Inc., July 2012.

General aviation and military activity represent a minor share of total operations at the Airport (1.5 percent of total aircraft operations at the Airport in OY 2011). For purposes of this Report, their activity was held constant at 6,700 and 120 operations, respectively, each year during the Projection Period. Total aircraft activity at the Airport, therefore, is projected to increase from 447,980 operations in OY 2012 to 482,370 operations in OY 2020. This increase represents a CAGR of 0.8 percent during this period, compared to 1.1 percent projected nationwide by the FAA.

Table 5-20 presents landed weight projections for the Airport. Total landed weight is projected to increase at a CAGR of 1.7 percent for the period of OY 2011 through 2020, from 20.9 million thousand-pound units to 24.4 million thousand-pound units during this period. Similar to aircraft operations, landed weight projections are primarily based on assumptions regarding airline decisions for accommodating passengers.

Table 5-20 Landed Weight Projections

(in Thousand-Pound Units for Operating Years ending September 30)

OPERATING YEAR	PASSENGER AIRLINES	ALL-CARGO CARRIERS	AIRPORT TOTAL
Historical			
2002	24,127,849	655,048	24,782,897
2003	24,040,565	664,199	24,704,764
2004	24,621,285	686,425	25,307,710
2005	25,212,269	674,986	25,887,255
2006	23,309,518	800,122	24,109,640
2007	23,626,248	730,455	24,356,703
2008	22,686,225	672,685	23,358,910
2009	20,458,757	545,889	21,004,646
2010	19,634,224	533,041	20,167,265
2011	20,342,314	581,399	20,923,713
Projected			
2012	20,210,141	582,589	20,792,730
2013	20,485,743	595,940	21,081,683
2014	20,812,733	609,342	21,422,074
2015	21,198,831	628,026	21,826,857
2016	21,652,684	646,781	22,299,465
2017	22,134,444	660,352	22,794,796
2018	22,607,957	673,973	23,281,931
2019	23,109,948	682,367	23,792,315
2020	23,655,158	696,077	24,351,235
Compound Annual Growth Rate			
2002 - 2011	(1.9%)	(1.3%)	(1.9%)
2011 - 2020	1.7%	2.0%	1.7%

SOURCES: Wayne County Airport Authority (Historical), May 2012; Ricondo & Associates, Inc. (Projected), July 2012.

PREPARED BY: Ricondo & Associates, Inc., July 2012.

6. Financial Analysis

6.1 Summary of Findings

This section of the Report presents the analysis undertaken by R&A to demonstrate the ability of the Authority to comply with the requirements of the Ordinances, including those pertaining to the issuance of Additional Senior Lien Bonds, on a *pro-forma* basis in each year of the Projection Period based on assumptions regarding the planned issuance of the Series 2012 Bonds, the completion of the Series 2012 Projects, and the issuance of future bonds which were established by R&A and the Authority through consultation with its staff, financial advisors, and senior managing underwriter.

Projections of airline rates and charges and resultant airline cost per enplanement (CPE) were developed based on the terms of the Airline Agreements which expire on September 30, 2032. Pursuant to the terms of the Airline Agreements, the Authority calculates airline activity fee rates under an Airport-wide residual methodology. As such, the Signatory Airlines guarantee the net cost of operating the entire Airport, including operating expenses and all debt service and coverage requirements.

Based on the analysis in this Report and the financial projections presented in the following sections, R&A is of the opinion that Net Revenues generated in each year of the Projection Period will be sufficient to comply with the Rate Covenant established in the Ordinances. R&A is also of the opinion that the Airport's airline rates and charges will remain reasonable on a CPE basis as compared to other large-hub U.S. airports through the Projection Period.

Results of the financial analysis presented in the following sections can be summarized as follows:

- After the issuance of the Series 2012A Bonds, the Series 2012B Bonds, and the anticipated issuance of additional future bonds in OY 2014 and OY 2016, Airport aggregate annual debt service is estimated to increase from approximately $162.1 million in OY 2011 to approximately $180.4 million in OY 2019, before decreasing to approximately $175.3 million in OY 2020. The potential refunding of the Series 1998A Bonds, Series 2002C Bonds, and Series 2002D Bonds and any associated debt service savings have not been assumed in this Report.
- O&M expenses were approximately $196.3 million in OY 2011 and are estimated to decrease to approximately $188.0 million in OY 2012. Based on the Authority's expectations with respect to the OY 2013 operating budget, O&M expenses are projected to further decrease to approximately $184.0 million in OY 2013. The increase in O&M Expenses projected between OY 2013 and OY 2020

represents a CAGR of approximately 3.5 percent, with total O&M Expenses projected to increase to approximately $234.2 million.

- Non-airline revenues were approximately $131.7 million in OY 2011 and are estimated to decrease to approximately $130.1 million in OY 2012, primarily due to decreases in non-airline terminal rent. Based on the Authority's expectations with respect to the OY 2013 operating budget, non-airline revenues are projected to decrease to approximately $127.2 million in OY 2013, primarily due to a change in shuttle bus operations at the Airport and a corresponding reduction to shuttle bus operating revenues and operating expenses. The increase in non-airline revenues projected between OY 2013 and OY 2020 represents a CAGR of approximately 2.4 percent, with total non-airline revenues projected to increase to approximately $150.3 million in OY 2020.
- Airline revenues calculated based on an Airport-wide residual methodology pursuant to the terms of the Airline Agreements are projected to increase from $144.5 million in OY 2011 (Actual) and approximately $158.8 million in OY 2012 (Estimated) to approximately $200.2 million in OY 2020. The Airport's estimated average Airline CPE is projected to increase from approximately $8.90 in OY 2011 and $9.73 in OY 2012 (Estimated) to approximately $11.01 in OY 2019, before decreasing to $10.66 in OY 2020.
- Debt service coverage is projected to exceed applicable requirements over the entire Projection Period, with Senior Lien Bond debt service coverage exceeding 1.60x in each year pursuant to the Ordinances.

6.2 Financial Framework

This section discusses the Authority and its governance, the cost centers that the Authority uses for the purpose of accounting for operating expenses, amortization, and debt service, and the Airline Agreements.

6.2.1 GOVERNING BODY

The Authority operates the Airport and Willow Run Airport (Willow Run), a general aviation reliever and cargo airport (the Airports). The Authority was created on March 26, 2002, pursuant to an amendment to the Michigan Aeronautics Code. On August 9, 2002, the Authority assumed operational jurisdiction of the Airports from the Charter County of Wayne, Michigan, when the Authority received operating certificates for the Airports from the Federal Aviation Administration (FAA).

The Authority is governed by a seven-member Board (the Board). Four members of the Board are appointed by the Wayne County Executive; two members are appointed by the Governor of Michigan; and one member is appointed by the Wayne County Commission. Board members serve for six-year terms, but may not serve for more than two full terms. The Board appoints a Chief Executive Officer (CEO), an audit committee, an ethics committee, and an independent public accountant to prepare an annual audit and review the financial condition, operation, and performance of the Authority. The CEO appoints the Chief Financial Officer (CFO) and other members of senior management of the Authority.

The Authority funds operations and capital improvements of the Airport and Willow Run with revenues generated from rentals, fees and charges; PFC Revenues; and federal grants-in-aid. The Authority maintains its financial records in accordance with generally accepted accounting principles as they apply to government entities.

6.2.2 AUTHORITY ACCOUNTING

The Authority accounts for its revenue and costs on an Airport-wide residual basis as described below. Pursuant to the Airline Agreements with the Signatory Airlines, beginning in OY 2009, the Authority created two terminal cost centers for the purpose of accounting for and allocating the cost of operating, maintaining, and developing the terminals at the Airport in order to establish airline rates and charges for the use of the terminals. For each Operating Year, terminal related O&M Expenses, Bond Debt Service, Other Available Moneys and certain other revenue items for each OY are allocated between the South Terminal Cost Center (the McNamara Terminal) and the North Terminal Cost Center (the North Terminal), as described below. Activity Fees are established on an Airport-wide residual basis (as described later in this Chapter). For example, after the allocation of expenses and revenues to the South Terminal Cost Center and North Terminal Cost Center are completed for purposes of calculating the associated terminal rental rates and shared use charges, all expenses and revenues of the Airport, including those allocated to South Terminal and North Terminal Cost Centers, and the terminal rentals and shared use charges are used in the calculation of the Net Revenue Requirement to derive the Airport-wide residual Activity Fee.

6.2.2.1 South Terminal Cost Center

The South Terminal Cost Center includes land identified as the South Terminal (the McNamara Terminal) on Exhibit J of the Airline Agreements and all current or future facilities, equipment, and improvements located thereon. Included in the South Terminal Cost Center, as defined in the Airline Agreements, are all passenger terminal buildings, connecting structures, passenger walkways and tunnels, concourses, hold areas, and federal inspection service facilities associated with the McNamara Terminal and any additions and improvements thereto.

6.2.2.2 North Terminal Cost Center

The North Terminal Cost Center includes land identified as the North Terminal on Exhibit J of the Airline Agreements and all current or future facilities, equipment, and improvements located thereon. Included in the North Terminal Cost Center, as defined in the Airline Agreements, are all passenger terminal buildings, connecting structures, passenger walkways and tunnels, concourses, hold areas, and federal inspection service facilities associated with the North Terminal and any additions and improvements thereto.

6.2.3 AIRPORT USE AND LEASE AGREEMENTS

Funding for Airport operations is governed by the Airline Agreements between the Authority and certain airlines operating at the Airport. The Airline Agreements establish ratemaking procedures for the term of the agreements. The following airlines are parties to Airline Agreements[1]: Air France, AirTran, American, Continental, Delta, Federal Express, KLM, Lufthansa, Mesaba, Pinnacle, Southwest, Spirit, United, United Parcel Service, and US Airways (collectively, the Signatory Airlines).

The Airline Agreements with each of the Signatory Airlines at the Airport have terms ending September 30, 2032. The Airline Agreements contain terms addressing the calculation of airline rates and charges, including terminal rentals and shared use fees for the North Terminal and South Terminal (the terminal rate calculation methodology for the North Terminal and South Terminal is substantially the same), as well as the calculation of Activity Fee rates. Pursuant to the terms of the Airline Agreements, the Authority calculates airline Activity Fee rates under an Airport-wide residual methodology. As such, the Signatory Airlines guarantee the net cost of operating the entire Airport, including operating expenses and all debt service and coverage requirements. If the Authority incurs a deficit in any particular OY, it has the ability to increase activity fee rates to the Signatory Airlines up to the amount of the deficit. Conversely, if the Authority realizes a surplus, the Authority must refund the surplus to the Signatory Airlines.

Calculation of Signatory Airlines rates and charges and other key provisions of the Airline Agreements are described below.

6.2.3.1 Terminal Rentals

Commencing October 1, 2008, South Terminal Rental Rates and North Terminal Rental Rates are calculated separately, using a similar methodology set forth in the Airline Agreements.

The South Terminal Rental Rate for each OY is determined by dividing the Cost of the South Terminal for such OY by the sum of (i) the total number of square feet of Preferential South Terminal Space leased to all signatory airlines operating in the South Terminal, and (ii) the total number of square feet of Shared Use South Terminal Space. The Cost of the South Terminal for each OY is an amount equal to the sum of the following:

- O&M Expenses allocated to the South Terminal Cost Center
- Bond Debt Service allocated to the South Terminal Cost Center

Minus, for each OY:

- Other Available Moneys allocated to the South Terminal Cost Center used by the Authority in such OY to pay Bond Debt Service allocated to the South Terminal Cost Center
- The total amount of South Terminal International Facilities Use Fees (IFUF) collected by the Authority (the IFUF is charged to each carrier operating at the Airport per each carrier's deplaned international

[1] Continental and Mesaba are parties to the Airline Agreements and continue to exist as legal entities. However, these airlines are no longer in operation. Also, KLM currently does not operate at the Airport.

passenger using the FIS facilities at the Airport based on a schedule included in the Airline Agreements), and

- The total amount of South Terminal Authority-Controlled Airline Space Revenue and South Terminal Rental Revenue for such OY

The North Terminal Rental Rate for each OY is calculated using the same methodology used for establishing the South Terminal Rental Rate, in that the North Terminal Rental Rate for each OY is determined by dividing the Cost of the North Terminal for such OY by the total number of square feet of Preferential North Terminal Space leased to the Signatory Airlines in that terminal and the total number of square feet of Shared Use North Terminal Space. The Cost of the North Terminal for each OY also is calculated using a methodology substantially the same as the methodology for calculating the Cost of the South Terminal, using North Terminal O&M Expenses and Bond Debt Service, net of Other Available Moneys allocated to the North Terminal Cost Center to pay Bond Debt Service, North Terminal IFUF collections, North Terminal Authority-controlled Airline Space Revenue, and North Terminal Rental Revenues.

The airlines operating in the South Terminal pay fees for the use of the Shared Use South Terminal Space on a per deplaned passenger basis. The airlines operating in the North Terminal pay fees for the use of the Shared Use North Terminal Space on a per enplaned passenger basis.

6.2.3.2 Activity Fees

In accordance with the provisions of the Airline Agreements, the Activity Fee Rate in each OY is the quotient arrived at by dividing the Net Revenue Requirement, defined below, by the aggregate amount of Approved Maximum Landing Weight of aircraft, in units of one thousand pounds, of all Signatory Airlines for such OY. The Net Revenue Requirement for each OY is equal to the sum of the following:

- O&M Expenses for such OY
- Plus, 125 percent of the amount of principal and interest due (net of capitalized interest) for such OY on all then outstanding bonds, less (i) any unencumbered amounts on deposit in the Revenue Fund on the last day of the OY preceding such OY that are usable to satisfy the rate covenant requirements of any Bond Ordinance under which Senior Lien Bonds have been issued, and less (ii) Other Available Moneys used in such OY to pay Bond Debt Service
- Plus, deposits into the Senior Lien Bond Reserve Account, the Junior Lien Bond Reserve Account, the Operation and Maintenance Reserve Fund, and the Renewal and Replacement Fund required for each OY pursuant to the provisions of all applicable Bond Ordinances
- Plus, an amount equal to the Airport Development Fund requirement for that OY (required under the Airline Agreements to be approximately $7.7 million in OY 2012, as escalated to reflect percentage increases in the Producer Price Index)
- Plus, an amount equal to $350,000, the annual Airport Discretionary Fund transfer
- Minus an amount equal to the sum of:
  - All Terminal Charges (including rentals and shared use fees) collected by the Authority for such OY, including end-of-year payments by the Signatory Airlines or end-of-year refunds by the Authority;

- All IFUF fees collected by the Authority for the OY;
- All Authority-Controlled Airline Space Revenue, North Terminal Rental Revenue, and South Terminal Rental Revenue;
- All concession and parking revenue;
- And, all other Revenue received during such OY except (i) up to but not exceeding $2.5 million of Revenue attributable to an automated vehicle identification (AVI) program for the entire Airport, and (ii) all proceeds received by the Authority from the sale of certain parcels of Airport property located on the west side of the airfield.

6.2.3.3 Weighted Majority Approval

The Airline Agreements contain Authority covenants with regard to capital expenditures. One such covenant allows the Authority to issue bonds to finance the cost of capital projects (including all reasonable costs incidental to the issuance and sale of the bonds) and include bond debt service and coverage requirements in Signatory Airline fees, only after first receiving a Weight Majority Approval for such capital projects. The Airline Agreements define Weighted Majority as either (1) Signatory Airlines which, in the aggregate, landed 85 percent or more of the landed weight of all Signatory Airlines for the preceding 12-month period for which records are available, or (2) all but one of the Signatory Airlines regardless of landed weight. The Authority has received Weighted Majority approval for all of the Series 2012 Projects. Other projects included in the 2013-2017 CIP intended to be funded in whole or in part with the proceeds of future bonds will require Weighted Majority Approval in order to be financed with the proceeds of future bonds.

6.3 Debt Service

6.3.1 DEBT SERVICE

Table 6-1 presents the annual estimated debt service requirements resulting from the issuance of the Series 2012 Bonds (see Section 1.3 for additional information with respect to the Series 2012 Bonds) as well as the existing Airport debt service on each series of outstanding bonds. In addition to the Series 2012 Bonds, this analysis also considers certain other future projects included within the Authority's CIP. Preliminary bond sizing and debt service estimates were assumed for these projects, as the timing and expenditure estimates are preliminary at this time.

As part of the Series 2012 Bonds financing, the Authority, subject to market conditions, expects to issue the Series 2012 Refunding Bonds to refund all or a portion of outstanding Series 1998A Bonds, Series 2002C Bonds, and Series 2002D Bonds. The issuance of the Series 2012 Refunding Bonds and any debt service savings associated with the refunding of the Series 1998A Bonds, the Series 2002C Bonds, and Series 2002D Bonds have not been assumed in this Report and are not incorporated in Table 6-1.

As presented in Table 6-1, after assuming the issuance of additional bonds for future projects, Airport aggregate annual debt service is estimated to increase from approximately $162.1 million in OY 2011 to approximately $180.4 million in OY 2019, and then decrease to approximately $175.3 million in OY 2020.

Table 6-1 Annual Debt Service [1/]

(Dollars in Thousands for Operating Years Ending September 30)

	ACTUAL	ESTIMATED	PROJECTED							
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Senior Lien by Series:										
1998A [2/]	$ 21,091	$ 2,902	$ 1,598	$ 1,598	$ 1,598	$ 1,598	$ 1,598	$ 1,598	$ 1,598	$ 1,598
1998B	$ 1,257	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2002C [2/]	$ 3,054	$ 2,584	$ 2,432	$ 675	$ 322	$ 319	$ 320	$ 322	$ 322	$ 321
2002D [2/]	$ 7,261	$ 9,340	$ 9,650	$ 9,524	$ 9,265	$ 7,167	$ 6,756	$ 6,747	$ 6,742	$ 1,124
2005	$ 35,340	$ 33,155	$ 33,155	$ 33,135	$ 33,146	$ 35,424	$ 35,452	$ 35,442	$ 35,450	$ 35,501
2007	$ 5,743	$ 9,747	$ 6,343	$ 9,923	$ 10,816	$ 10,827	$ 10,832	$ 10,841	$ 10,838	$ 10,849
2008A	$ 12,117	$ 11,944	$ 11,749	$ 11,549	$ 11,353	$ 11,160	$ 10,958	$ 10,739	$ 10,527	$ 10,310
2008B	$ 1,978	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2008C	$ 1,959	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2008D	$ 1,179	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2008 E	$ 1,583	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2008 F	$ 1,591	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2009A	$ 19	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2010A	$ 26,744	$ 34,822	$ 35,859	$ 33,997	$ 33,650	$ 33,702	$ 33,747	$ 33,774	$ 5,630	$ -
2010B	$ 3,648	$ 930	$ 4,240	$ 840	$ -	$ -	$ -	$ -	$ -	$ -
2010C	$ 19,552	$ 24,993	$ 25,987	$ 26,696	$ 26,772	$ 27,502	$ 17,108	$ 14,959	$ 15,173	$ 15,325
2010D	$ 2,623	$ 3,262	$ 3,343	$ 3,421	$ 3,397	$ 3,381	$ 3,393	$ 3,382	$ 3,410	$ 3,445
2010E1 [3/]	$ 756	$ 1,138	$ 1,350	$ 2,106	$ 2,104	$ 2,102	$ 2,107	$ 2,106	$ 2,108	$ 2,106
2010E2 [3/]	$ 747	$ 1,147	$ 1,364	$ 2,115	$ 2,113	$ 2,114	$ 2,116	$ 2,118	$ 2,119	$ 2,116
2010F [3/]	$ 1,192	$ 1,667	$ 2,019	$ 3,310	$ 3,240	$ 3,331	$ 3,331	$ 3,331	$ 3,331	$ 3,419
2010G [4/]	$ 924	$ 1,583	$ 1,985	$ 1,987	$ 1,993	$ 1,995	$ 2,000	$ 2,006	$ 2,011	$ 2,013
2011A	$ -	$ 6,100	$ 7,296	$ 7,296	$ 7,296	$ 7,296	$ 7,296	$ 7,296	$ 36,804	$ 42,743
2011B	$ -	$ 631	$ 755	$ 2,534	$ 2,891	$ 2,891	$ 2,886	$ 2,884	$ 2,883	$ 2,882
2012A [5/]	$ -	$ -	$ 126	$ 1,189	$ 6,280	$ 9,738	$ 13,016	$ 13,580	$ 13,581	$ 13,585
2012B [5/]	$ -	$ -	$ 35	$ 365	$ 1,021	$ 1,392	$ 1,836	$ 1,917	$ 1,918	$ 1,915
Future Debt Service [6/]	$ -	$ -	$ -	$ -	$ 977	$ 1,953	$ 2,120	$ 11,167	$ 13,648	$ 13,782
TOTAL SENIOR LIEN	**$ 150,360**	**$ 145,945**	**$ 149,285**	**$ 152,258**	**$ 158,233**	**$ 163,890**	**$ 156,873**	**$ 164,208**	**$ 168,094**	**$ 163,032**
Junior Lien by Series:										
2007A	$ 11,719	$ 12,271	$ 12,238	$ 12,231	$ 12,231	$ 12,270	$ 12,276	$ 12,274	$ 12,275	$ 12,276
TOTAL JUNIOR LIEN	**$ 11,719**	**$ 12,271**	**$ 12,238**	**$ 12,231**	**$ 12,231**	**$ 12,270**	**$ 12,276**	**$ 12,274**	**$ 12,275**	**$ 12,276**
TOTAL ANNUAL DEBT SERVICE	**$ 162,079**	**$ 158,216**	**$ 161,524**	**$ 164,490**	**$ 170,465**	**$ 176,159**	**$ 169,149**	**$ 176,482**	**$ 180,369**	**$ 175,308**
Non-Terminal	$ 66,768	$ 64,352	$ 65,678	$ 67,887	$ 74,258	$ 79,870	$ 76,322	$ 84,441	$ 87,127	$ 81,729
South Terminal	$ 59,773	$ 57,957	$ 59,618	$ 59,771	$ 59,393	$ 59,409	$ 57,774	$ 57,378	$ 58,474	$ 58,700
North Terminal	$ 35,538	$ 35,817	$ 36,227	$ 36,832	$ 36,813	$ 36,880	$ 35,053	$ 34,663	$ 34,768	$ 34,880
TOTAL	**$ 162,079**	**$ 158,126**	**$ 161,524**	**$ 164,490**	**$ 170,464**	**$ 176,159**	**$ 169,149**	**$ 176,482**	**$ 180,369**	**$ 175,308**

NOTES:

1/ Net of capitalized interest.

2/ Does not reflect the issuance of the Series 2012 Refunding Bonds and any associated debt service savings.

3/ Variable rate debt, assumes 1.7 percent total cost of interest in OY 2013 and 2.7 percent total cost of interest thereafter.

4/ Direct placement, assumes 1.5 percent total cost of interest.

5/ Preliminary, assumes 4.75 percent interest rate for Series 2012A Bonds and 5.24 percent interest rate for Series 2012B Bonds.

6/ Future bonds anticipated to be issued in OY 2014 and OY 2016, assumes 5.5 percent interest rate.

SOURCES: Wayne County Airport Authority (all series except Series 2012 Bonds and Future Debt Service), Public Financial Management, Inc. (Series 2012 Bonds), Ricondo & Associates, Inc. (Future Debt Service), July 2012.

PREPARED BY: Ricondo & Associates, Inc., August 2012.

6.3.2 OTHER AVAILABLE MONEYS

The Master Bond Ordinance defines "Other Available Moneys" to mean, for any OY, the amount of money determined by the Chief Financial Officer in concurrence with the Chief Executive Officer to be transferred by the Authority for such OY from PFCs or other sources other than Revenues to the Bond Fund or the Junior Lien Bond Fund. As allowed by the Ordinances, the Authority transfers some of its PFC revenues monthly to the Bond Fund and the Junior Lien Bond Fund for the purposes of paying Debt Service on Senior Lien Bonds and Junior Lien Bonds, respectively. As described in the following sections, and under the terms of its current PFC approvals, the Authority has authority to impose and use approximately $3.2 billion in PFCs, which includes amounts for payment of principal, interest, and other financings costs on Bonds issued to pay the PFC-eligible costs of approved projects.

In accordance with the terms and conditions of 14 CFR § 158, the Authority currently charges a PFC at a $4.50 charge level on all PFC-eligible enplaned passengers at the Airport. Including its initial PFC application filed in 1992, the Authority has previously filed and received FAA approval for six PFC applications (Application 6 was filed and later withdrawn by the Authority) that, in total, authorize the Authority to collect PFCs and associated interest earnings of $3.2 billion to fund certain capital projects at the Airport. **Table 6-2** summarizes the Authority's current PFC collection authority.

Table 6-2 PFC Collection Authority

(Amounts in Millions)

PFC APPLICATION	TOTAL COLLECTION AUTHORITY
Application 1 (as amended)	$148
Application 2 (as amended)	$6
Application 3 (as amended)	$2,099
Application 4 (as amended)	$213
Application 5	$441
Application 6	Withdrawn
Application 7 (as amended)	$228
Total PFC Collection Authority	$3,135

SOURCE: Wayne County Airport Authority, July 2012.
PREPARED BY: Ricondo & Associates, Inc., July 2012.

Based on estimates of future enplanements at the time PFC Application 7 was approved, the FAA estimated that current collection authority will be reached in 2034 and has estimated the charge expiration date to be February 1, 2034.

Since the inception of the PFC program the Authority has submitted seven PFC applications. The sixth application was withdrawn by the Authority prior to the FAA issuing a decision on the application so that the

Authority could update project cost estimates for consideration. The application was resubmitted as the seventh application. In the future, the Authority will amend applications one through five to adjust the initial budgeted project costs and estimated debt service requirements to reflect final completed project costs and updated debt service. The Authority and the FAA view this effort as an administrative process and do not anticipate any material changes to the Authority's total PFC collection authority.

Table 6-3 presents projections of PFC collections for the projection period based on the activity projections prepared in Chapter 5 of this report. For the purposes of this analysis and based on historical ratios, it is assumed that PFC revenue is collected from approximately 84 percent of enplaned passengers at the Airport. No changes to the current PFC rate or administrative expense are assumed. As shown in Table 6-3, total annual PFC collections at the Airport are projected to increase from approximately $62.2 million in OY 2011 to approximately $69.2 million in OY 2020. Exhibit H of the Airline Agreements identifies agreed upon uses of PFCs and the priority with which available PFCs are applied to PFC-eligible debt service.

The amount of PFC revenue collected for the Airport varies based upon the actual number of PFC-eligible passenger enplanements at the Airport. No assurance can be given that any level of enplanements will be realized and a shortfall in projected PFC collections could have direct or indirect adverse impacts. For example, the availability of fewer PFC revenues could result in significant increases in Activity Fees at the Airport thereby negatively impacting the airlines' desire to operate at the Airport. As a result of decreases in passenger enplanements at the Airport since 2007, and the resultant collection of less PFC revenues, beginning in OY 2011 Activity Fees at the Airport have been adversely impacted and beginning in OY 2012, terminal rentals and shared use fees also have been adversely impacted.

While it is anticipated that any projected shortfall in PFC revenues will negatively impact the rental rates for both the South Terminal and the North Terminal, due to provisions in the Airline Agreements with respect to the priority use of PFCs for Debt Service, it is projected that there would be a significantly greater negative impact on the rental rates for the North Terminal. To some extent, the Debt Service savings resulting from potential debt restructurings and/or the strategic use of unexpended bond proceeds or other Authority funds will mitigate the projected disproportionately negative impact on the North Terminal rental rates.

6.4 Operating and Maintenance Expenses

Table 6-4 below illustrates O&M Expenses from OY 2008 through OY 2011 from the Authority's Comprehensive Annual Financial Report (CAFR) for the Year Ended September 30, 2011, as adjusted, and the Authority's mid-year estimate for OY 2012.

Table 6-3 PFC Revenue

(Dollars in Thousands for Operating Years Ending September 30)

	ACTUAL 2011	ESTIMATED 2012	PROJECTED 2013	2014	2015	2016	2017	2018	2019	2020
Enplaned Passengers (000's)	16,226	16,324	16,381	16,597	16,891	17,213	17,582	17,957	18,359	18,769
PFC Eligibility %	87.3%	86.0%	84.0%	84.0%	84.0%	84.0%	84.0%	84.0%	84.0%	84.0%
PFC Eligible Enplanements (000's)	14,168	14,038	13,760	13,941	14,189	14,459	14,769	15,084	15,421	15,766
PFC Collection Level	$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 4.50
Less: Admin. Expense	$ 0.11	$ 0.11	$ 0.11	$ 0.11	$ 0.11	$ 0.11	$ 0.11	$ 0.11	$ 0.11	$ 0.11
Net PFC Collection	**$ 4.39**	**$ 4.39**	**$ 4.39**	**$ 4.39**	**$ 4.39**	**$ 4.39**	**$ 4.39**	**$ 4.39**	**$ 4.39**	**$ 4.39**
TOTAL PFC REVENUE	**$ 62,198**	**$ 61,628**	**$ 60,405**	**$ 61,203**	**$ 62,288**	**$ 63,476**	**$ 64,835**	**$ 66,219**	**$ 67,699**	**$ 69,213**

SOURCES: Wayne County Airport Authority (historical), Ricondo & Associates, Inc. (projected), July 2012.

PREPARED BY: Ricondo & Associates, Inc., August 2012.

Table 6-4 Historical O&M Expenses

(Amounts in Millions, except Per Passenger Amounts)

OPERATING YEAR ENDED	ACTUAL 2008	ACTUAL 2009	ACTUAL 2010	ACTUAL 2011	ESTIMATED 2012	COMPOUNDED ANNUAL GROWTH RATE
Total O&M Expenses 1/	$191.9	$185.1	$189.6	$198.1	$188.0	(0.5)%
Annual Change		(3.6)%	2.5%	4.5%	(5.1)%	
Enplaned Passengers	17.8	15.9	15.9	16.2	16.3	(2.2)%
O&M Expenses per Passenger	$10.76	$11.61	$11.94	$12.21	$11.51	1.7%

NOTE:

1/ Actual 2008 through Actual 2011 as presented in the Authority's Comprehensive Annual Financial Report for the Year Ended September 30, 2011, less interest expense and paying agents fees. Amounts in Table 6-4 may vary from amounts shown in Table 6-5 due to certain reclassifications consistent with financial reporting standards.

SOURCE: Wayne County Airport Authority, July 2012.
PREPARED BY: Ricondo & Associates, Inc., July 2012.

While total historical O&M Expenses as presented in Table 6-4 from OY 2008 to OY 2012 (estimated) decreased at a compounded annual rate of approximately 0.5 percent, as a result of decreases in passenger enplanement levels during the period, O&M Expenses increased on a per enplanement basis through OY 2011. In developing the OY 2012 operating budget for the Airport, the Authority targeted a $20 million reduction in operating expenses as compared to preliminary OY 2012 budget estimates, understanding that certain components of the cost reduction plan would not be fully implemented until mid- to late-OY 2012. Based on the Authority's OY 2012 mid-year estimates, OY 2012 operating expenses are anticipated to be approximately 5.1 percent below actual OY 2011 expenses, and O&M Expenses per enplaned passenger are estimated to decrease to $11.51.

Table 6-5 presents O&M Expenses[2] for the Airport by expense category and cost center for OY 2011 (Actual), OY 2012 (Estimated) and projected OY 2013 through OY 2020. As shown, O&M expenses were approximately $196.3 million in OY 2011 and are estimated to decrease to approximately $188.0 million in OY 2012. Based on the Authority's expectations with respect to the OY 2013 operating budget, O&M expenses are projected to further decrease to approximately $184.0 million in OY 2013. The increase in O&M Expenses projected between OY 2013 and OY 2020 represents a CAGR of approximately 3.5 percent, with total O&M Expenses projected to increase to approximately $234.2 million.

Specific points concerning the projections of O&M Expenses by Cost Centers are discussed below.

2 As used for the purposes of establishing airline rates and charges, which may vary from amounts shown in the Authority CAFR as a result of reclassifications done for financial reporting purposes

Table 6-5 Operation and Maintenance (O&M) Expenses

(Dollars in Thousands for Operating Years Ending September 30)

	ACTUAL	ESTIMATED	PROJECTED							
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Non-Terminal:										
Salaries, Wages, and Fringe Benefits	$ 70,065	$ 65,203	$ 62,648	$ 64,736	$ 66,894	$ 69,124	$ 71,428	$ 73,809	$ 76,269	$ 78,812
Materials & Supplies	$ 4,814	$ 5,683	$ 5,395	$ 5,665	$ 5,948	$ 6,245	$ 6,558	$ 6,886	$ 7,230	$ 7,591
Parking Management	$ 6,794	$ 6,300	$ 6,531	$ 6,727	$ 6,929	$ 7,137	$ 7,351	$ 7,571	$ 7,798	$ 8,032
Shuttle Bus	$ 8,750	$ 8,400	$ 6,000	$ 6,180	$ 6,365	$ 6,556	$ 6,753	$ 6,956	$ 7,164	$ 7,379
Janitorial	$ 745	$ 790	$ 790	$ 813	$ 838	$ 863	$ 889	$ 915	$ 943	$ 971
Security	$ 2,401	$ 2,524	$ 2,248	$ 2,315	$ 2,385	$ 2,456	$ 2,530	$ 2,606	$ 2,684	$ 2,765
Professional and Contractual Services	$ 12,101	$ 10,466	$ 10,805	$ 11,129	$ 11,463	$ 11,807	$ 12,161	$ 12,526	$ 12,902	$ 13,289
Buildings & Grounds	$ 11,651	$ 8,361	$ 8,908	$ 9,175	$ 9,450	$ 9,734	$ 10,026	$ 10,327	$ 10,637	$ 10,956
Equipment Repair	$ 4,378	$ 4,227	$ 4,277	$ 4,405	$ 4,537	$ 4,674	$ 4,814	$ 4,958	$ 5,107	$ 5,260
Other Operating Expenses	$ 1,556	$ 3,736	$ 3,650	$ 3,760	$ 3,872	$ 3,988	$ 4,108	$ 4,231	$ 4,358	$ 4,489
Utilities	$ 6,674	$ 7,611	$ 7,722	$ 8,108	$ 8,514	$ 8,939	$ 9,386	$ 9,855	$ 10,348	$ 10,866
Insurance	$ 1,287	$ 1,503	$ 1,358	$ 1,399	$ 1,441	$ 1,484	$ 1,528	$ 1,574	$ 1,622	$ 1,670
O&M Capital	$ 5,893	$ 3,781	$ 2,277	$ 2,345	$ 2,416	$ 2,488	$ 2,563	$ 2,640	$ 2,719	$ 2,800
Subtotal Non-Terminal	**$ 137,109**	**$ 128,584**	**$ 122,609**	**$ 126,758**	**$ 131,052**	**$ 135,496**	**$ 140,095**	**$ 144,854**	**$ 149,781**	**$ 154,880**
North Terminal: [1/]										
Materials & Supplies	$ 76	$ 53	$ 55	$ 58	$ 61	$ 64	$ 67	$ 71	$ 74	$ 78
Janitorial	$ 2,940	$ 3,033	$ 2,911	$ 2,999	$ 3,089	$ 3,181	$ 3,277	$ 3,375	$ 3,476	$ 3,581
Contractual Services	$ 3,426	$ 3,552	$ 3,583	$ 3,690	$ 3,801	$ 3,915	$ 4,033	$ 4,154	$ 4,278	$ 4,407
Insurance	$ 341	$ 374	$ 334	$ 344	$ 354	$ 365	$ 376	$ 387	$ 399	$ 411
Utilities	$ 3,212	$ 3,216	$ 3,342	$ 3,509	$ 3,685	$ 3,869	$ 4,062	$ 4,265	$ 4,479	$ 4,703
Buildings & Grounds	$ 920	$ 827	$ 826	$ 851	$ 876	$ 903	$ 930	$ 958	$ 986	$ 1,016
Equipment Repair	$ 2,486	$ 2,490	$ 2,514	$ 2,589	$ 2,667	$ 2,747	$ 2,830	$ 2,914	$ 3,002	$ 3,092
Other Operating Expenses	$ 27	$ 53	$ 42	$ 43	$ 45	$ 46	$ 47	$ 49	$ 50	$ 52
O&M Capital	$ 12	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Subtotal North Terminal	**$ 13,441**	**$ 13,599**	**$ 13,608**	**$ 14,084**	**$ 14,578**	**$ 15,090**	**$ 15,621**	**$ 16,172**	**$ 16,744**	**$ 17,338**
South Terminal:										
Materials & Supplies	$ 1,568	$ 1,240	$ 1,403	$ 1,473	$ 1,547	$ 1,624	$ 1,705	$ 1,791	$ 1,880	$ 1,974
Janitorial	$ 7,458	$ 7,278	$ 8,345	$ 8,595	$ 8,853	$ 9,119	$ 9,392	$ 9,674	$ 9,964	$ 10,263
Contractual Services	$ 3,830	$ 3,935	$ 4,319	$ 4,449	$ 4,582	$ 4,719	$ 4,861	$ 5,007	$ 5,157	$ 5,312
Insurance	$ 666	$ 810	$ 665	$ 685	$ 705	$ 727	$ 748	$ 771	$ 794	$ 818
Utilities	$ 14,638	$ 15,376	$ 16,812	$ 17,653	$ 18,535	$ 19,462	$ 20,435	$ 21,457	$ 22,530	$ 23,656
Buildings & Grounds	$ 5,571	$ 6,474	$ 5,516	$ 5,681	$ 5,852	$ 6,027	$ 6,208	$ 6,395	$ 6,586	$ 6,784
Equipment Repair	$ 10,328	$ 8,781	$ 8,796	$ 9,060	$ 9,332	$ 9,612	$ 9,900	$ 10,197	$ 10,503	$ 10,818
Other Operating Expenses	$ 175	$ 188	$ 161	$ 166	$ 171	$ 176	$ 181	$ 187	$ 192	$ 198
O&M Capital	$ 1,538	$ 1,701	$ 1,731	$ 1,783	$ 1,836	$ 1,892	$ 1,948	$ 2,007	$ 2,067	$ 2,129
Subtotal South Terminal	**$ 45,771**	**$ 45,783**	**$ 47,748**	**$ 49,545**	**$ 51,414**	**$ 53,358**	**$ 55,380**	**$ 57,484**	**$ 59,674**	**$ 61,952**
TOTAL O&M EXPENSES	**$ 196,321**	**$ 187,966**	**$ 183,964**	**$ 190,386**	**$ 197,043**	**$ 203,943**	**$ 211,096**	**$ 218,511**	**$ 226,199**	**$ 234,170**
Summary By Cost Center:										
Total South Terminal O&M Expenses	$ 45,771	$ 45,783	$ 47,748	$ 49,545	$ 51,414	$ 53,358	$ 55,380	$ 57,484	$ 59,674	$ 61,952
Total North Terminal O&M Expenses	$ 13,441	$ 13,599	$ 13,608	$ 14,084	$ 14,578	$ 15,090	$ 15,621	$ 16,172	$ 16,744	$ 17,338
Total Remaining O&M Expenses	$ 137,109	$ 128,584	$ 122,609	$ 126,758	$ 131,052	$ 135,496	$ 140,095	$ 144,854	$ 149,781	$ 154,880
TOTAL O&M EXPENSES	**$ 196,321**	**$ 187,966**	**$ 183,964**	**$ 190,386**	**$ 197,043**	**$ 203,943**	**$ 211,096**	**$ 218,511**	**$ 226,199**	**$ 234,170**

NOTES:

1/ Includes approximately $4.8 million of expenses for certain services provided by DANTeC, a consortium of the North Terminal airlines, which prior to the opening of the North Terminal had been incurred directly by the airlines and were not part of Authority Operating Expenses.

SOURCES: Wayne County Airport Authority (historical), Ricondo & Associates, Inc. (projected), July 2012.
PREPARED BY: Ricondo & Associates, Inc., August 2012.

6.4.1 NON-TERMINAL

This category of O&M Expenses includes all expenses not included in the South Terminal Cost Center, the North Terminal Cost Center, or directly funded by the airlines (e.g. North Terminal Airline Consortium Services). After estimated and projected decreases in OY 2012 and OY 2013, respectively, O&M Expenses in this category are projected to increase from approximately $122.6 million in OY 2013 to approximately $154.9 million in OY 2020, representing a CAGR or approximately 3.4 percent over the period. The primary component of this expense category is the salaries, wages, and benefits associated with employment of all Authority personnel. It is the largest single Airport expense category, having accounted for approximately 35.7 percent of total O&M Expenses in OY 2011. Over the Projection Period, salaries and wages are projected to increase at a compounded annual rate of 3.0 percent and fringe benefits are projected to increase at a compounded annual rate of 4.0 percent. The CAGR for salaries, wages, and fringe benefits, when aggregated, for the period FY 2011 to FY 2020 is approximately 1.3 percent reflecting significant cost reductions experienced by the Authority in OY 2012 and expected to be experienced in OY 2013 as a result of staffing reductions implemented during OY 2012.

6.4.2 SOUTH TERMINAL COST CENTER

O&M Expenses in the South Terminal Cost Center are estimated to be level in OY 2012 as compared to OY 2011 and are expected to increase from approximately $47.7 million in OY 2013 to approximately $62.0 million in OY 2020. This increase represents a CAGR of 3.8 percent during this period.

.4.3 NORTH TERMINAL COST CENTER

O&M Expenses in the North Terminal Cost Center, excluding expenses for services provided by the North Terminal Airline Consortium that are directly reimbursed by the airlines, were approximately $13.4 million in OY 2011 and are estimated at $13.6 million in OY 2012. North Terminal O&M expenses are projected to increase from approximately $13.6 million in OY 2013 to approximately $17.3 million in OY 2020, representing a CAGR of approximately 3.5 percent between OY 2011 and OY 2020.

6.5 Non-Airline Revenues

Table 6-6 below illustrates nonairline operating revenues from OY 2008 through the Authority's current estimate for OY 2012, including amounts presented on a per enplanement basis.

Nonairline operating revenue experienced a compounded annual decrease of 2.0 percent over the period presented on Table 6-6. Decreases in nonairline operating revenue have primarily been attributable to decreases in enplanement levels; over the period OY 2008 through OY 2012 (estimated), passenger enplanements and nonairline operating revenues experienced compounded annual decreases of 2.0 percent and 2.2 percent, respectively. Over the period, nonairline operating revenues per enplaning passenger has fluctuated between a low of $7.74, in OY 2010 to a high of $8.30 in OY 2011.

Table 6-6 Historical Non-Airline Operating Revenues

(Amounts in Millions, except Per Passenger Amounts)

OPERATING YEAR ENDED	ACTUAL 2008	ACTUAL 2009	ACTUAL 2010	ACTUAL 2011	ESTIMATED 2012	COMPOUNDED ANNUAL GROWTH RATE
Total Nonairline Operating Revenues[1/]	$141.1	$126.8	$122.8	$134.7	$130.1	(2.0)%
Annual Change		(10.1)%	(3.1)%	9.7%	(3.4)%	
Enplaned Passengers	17.8	15.9	15.9	16.2	16.3	(2.2)%
Nonairline Operating Revenues per Passenger	$7.91	$7.95	$7.74	$8.30	$7.97	0.2%

NOTE:

1/ Includes certain airline non-terminal rentals that are incorporated in the Authority's presentation of airline revenues in the CAFR.

SOURCE: Wayne County Airport Authority, July 2012.
PREPARED BY: Ricondo & Associates, Inc., July 2012.

Table 6-7 presents nonairline revenues for the Airport by type of revenue for Actual OY 2011, Estimated OY 2012, and projected OY 2013 through OY 2020. As shown, nonairline revenues were approximately $131.7 million in OY 2011, $130.1 million in OY 2012 (Estimated), and are projected to be approximately $127.2 million in OY 2013. The projected decrease in OY 2013 is primarily attributable to a change in shuttle bus operations at the Airport and a corresponding reduction to shuttle bus operating revenues and operating expenses. The increase in non-airline revenues projected between OY 2013 and OY 2020 represents a CAGR of approximately 2.5 percent, with total non-airline revenues projected to increase to approximately $150.3 million. In general, projections of future nonairline revenues were based on a review of historical trends, the anticipated impacts of inflation, expected rate/revenue increases, and projected growth in activity. Specific points concerning these projections are discussed below:

6.5.1 PARKING REVENUE

Parking revenue at the Airport is projected to increase from approximately $54.1 million in OY 2011 and $56.5 million in OY 2012 (Estimated) and OY 2013 (Projected) to approximately $62.8 million in OY 2020, representing a compounded annual growth rate of approximately 1.5 percent over the period. This growth in revenue assumes continued demand for parking facilities and that the Authority will continue to monitor and adjusted parking rates as deemed necessary for both demand control purposes and to keep pace with inflation.

Table 6-7 (1 of 2) Non-Airline Revenues

(Dollars in Thousands for Operating Years Ending September 30)

	ACTUAL	ESTIMATED	PROJECTED							
REVENUES BY CATEGORY	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Parking										
Total Parking Revenues	**$ 54,145**	**$ 56,488**	**$ 56,500**	**$ 56,961**	**$ 57,890**	**$ 58,834**	**$ 59,793**	**$ 60,768**	**$ 61,759**	**$ 62,766**
Concessions										
South Terminal										
Food & Beverage	$ 9,714	$ 9,506	$ 8,960	$ 8,460	$ 9,600	$ 9,901	$ 10,211	$ 10,530	$ 10,860	$ 11,200
News & Gift Shops	$ 7,734	$ 7,948	$ 7,480	$ 7,900	$ 8,147	$ 8,402	$ 8,665	$ 8,937	$ 9,217	$ 9,505
Duty Free	$ 1,990	$ 2,030	$ 2,200	$ 2,218	$ 2,254	$ 2,291	$ 2,328	$ 2,366	$ 2,405	$ 2,444
Other	$ 1,570	$ 1,659	$ 1,630	$ 1,656	$ 1,707	$ 1,761	$ 1,816	$ 1,873	$ 1,931	$ 1,992
Adverstising	$ 1,877	$ 2,256	$ 1,770	$ 1,797	$ 1,850	$ 1,906	$ 1,963	$ 2,022	$ 2,083	$ 2,145
Pay Phones	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
South Terminal Total	**$ 22,885**	**$ 23,399**	**$ 22,040**	**$ 22,030**	**$ 23,559**	**$ 24,261**	**$ 24,983**	**$ 25,728**	**$ 26,495**	**$ 27,286**
North Terminal										
Food & Beverage	$ 3,343	$ 3,231	$ 3,290	$ 3,342	$ 3,446	$ 3,554	$ 3,665	$ 3,780	$ 3,898	$ 4,020
News & Gift Shops	$ 2,485	$ 2,130	$ 2,190	$ 2,224	$ 2,294	$ 2,366	$ 2,440	$ 2,516	$ 2,595	$ 2,676
Pay Phone	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Advertising	$ 210	$ 208	$ 450	$ 457	$ 470	$ 485	$ 499	$ 514	$ 529	$ 545
Other	$ 1,390	$ 1,387	$ 1,390	$ 1,412	$ 1,456	$ 1,502	$ 1,549	$ 1,597	$ 1,647	$ 1,699
Duty Free	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hotel Concessions	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
North Terminal Total	**$ 7,428**	**$ 6,956**	**$ 7,320**	**$ 7,434**	**$ 7,666**	**$ 7,906**	**$ 8,153**	**$ 8,407**	**$ 8,670**	**$ 8,941**
Airside Services										
In-Flight Catering	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Flight Services	$ 948	$ 895	$ 960	$ 976	$ 992	$ 1,008	$ 1,024	$ 1,041	$ 1,058	$ 1,075
Other	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Airside Services Total	**$ 948**	**$ 895**	**$ 960**	**$ 976**	**$ 992**	**$ 1,008**	**$ 1,024**	**$ 1,041**	**$ 1,058**	**$ 1,075**
CONCESSIONS TOTAL	**$ 31,261**	**$ 31,250**	**$ 30,320**	**$ 30,440**	**$ 32,217**	**$ 33,174**	**$ 34,160**	**$ 35,176**	**$ 36,223**	**$ 37,302**

Table 6-7 (2 of 2) Non-Airline Revenues

(Dollars in Thousands for Operating Years Ending September 30)

REVENUES BY COST CENTER	ACTUAL 2011	ESTIMATED 2012	PROJECTED 2013	2014	2015	2016	2017	2018	2019	2020
Car Rental										
Concession Fees	$ 18,984	$ 18,507	$ 18,650	$ 18,942	$ 19,535	$ 20,147	$ 20,777	$ 21,428	$ 22,099	$ 22,790
CAR RENTAL TOTAL	**$ 18,984**	**$ 18,507**	**$ 18,650**	**$ 18,942**	**$ 19,535**	**$ 20,147**	**$ 20,777**	**$ 21,428**	**$ 22,099**	**$ 22,790**
Ground Transportation										
Land Lease	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Ground Transportation	$ 2,531	$ 2,678	$ 2,700	$ 2,744	$ 2,789	$ 2,834	$ 2,880	$ 2,927	$ 2,975	$ 3,024
Public Vehicle	$ 114	$ 21	$ 25	$ 25	$ 26	$ 26	$ 27	$ 27	$ 28	$ 28
AVI	$ 2,299	$ 2,303	$ 2,340	$ 2,378	$ 2,417	$ 2,456	$ 2,496	$ 2,537	$ 2,578	$ 2,621
GROUND TRANSPORTATION TOTAL	**$ 4,944**	**$ 5,002**	**$ 5,065**	**$ 5,148**	**$ 5,232**	**$ 5,317**	**$ 5,404**	**$ 5,492**	**$ 5,581**	**$ 5,672**
Non-Airline Rent										
South Terminal	$ 27	$ 18	$ 27	$ 28	$ 29	$ 30	$ 30	$ 31	$ 32	$ 33
North Terminal	$ 323	$ 324	$ 335	$ 345	$ 355	$ 366	$ 377	$ 388	$ 400	$ 412
Non-Airline Non-Terminal Rentals	$ 2,411	$ 1,791	$ 1,802	$ 1,856	$ 1,912	$ 1,969	$ 2,028	$ 2,089	$ 2,152	$ 2,216
Airline Non-Terminal Rents	$ 4,275	$ 3,901	$ 4,018	$ 4,138	$ 4,262	$ 4,390	$ 4,522	$ 4,658	$ 4,797	$ 4,941
RENT TOTAL	**$ 7,036**	**$ 6,034**	**$ 6,182**	**$ 6,367**	**$ 6,558**	**$ 6,755**	**$ 6,957**	**$ 7,166**	**$ 7,381**	**$ 7,603**
Shuttle Bus	$ 5,869	$ 5,522	$ 2,385	$ 2,457	$ 2,530	$ 2,606	$ 2,684	$ 2,765	$ 2,848	$ 2,933
Utility Service Fee Rent - North Terminal	$ 455	$ 462	$ 529	$ 555	$ 583	$ 612	$ 643	$ 675	$ 709	$ 744
Utility Service Fee Rent - South Terminal	$ 1,192	$ 1,158	$ 1,365	$ 1,433	$ 1,505	$ 1,580	$ 1,659	$ 1,742	$ 1,829	$ 1,921
Utility Service Fee Rent - Other	$ 3,232	$ 2,707	$ 3,147	$ 3,304	$ 3,470	$ 3,643	$ 3,825	$ 4,016	$ 4,217	$ 4,428
Charges for Services	$ 2,107	$ 1,817	$ 1,917	$ 1,975	$ 2,034	$ 2,095	$ 2,158	$ 2,222	$ 2,289	$ 2,358
Other Revenue	$ 2,183	$ 854	$ 860	$ 886	$ 912	$ 940	$ 968	$ 997	$ 1,027	$ 1,058
Interest Income	$ 255	$ 259	$ 305	$ 685	$ 687	$ 693	$ 698	$ 704	$ 710	$ 717
TOTAL NON-AIRLINE REVENUES	**$ 131,663**	**$ 130,059**	**$ 127,225**	**$ 129,152**	**$ 133,153**	**$ 136,395**	**$ 139,727**	**$ 143,152**	**$ 146,672**	**$ 150,291**
North Terminal Rental Revenue										
Non-Airline Rent - North Terminal	$ 323	$ 324	$ 335	$ 345	$ 355	$ 366	$ 377	$ 388	$ 400	$ 412
Utility Service Fee Rent - North Terminal	$ 455	$ 462	$ 529	$ 555	$ 583	$ 612	$ 643	$ 675	$ 709	$ 744
TOTAL NORTH TERMINAL RENTAL REVENUE	**$ 778**	**$ 786**	**$ 864**	**$ 901**	**$ 939**	**$ 978**	**$ 1,020**	**$ 1,064**	**$ 1,109**	**$ 1,156**
South Terminal Rental Revenue										
Non-Airline Rent - South Terminal	$ 27	$ 18	$ 27	$ 28	$ 29	$ 30	$ 30	$ 31	$ 32	$ 33
Utility Service Fee Rent - South Terminal	$ 1,192	$ 1,158	$ 1,365	$ 1,433	$ 1,505	$ 1,580	$ 1,659	$ 1,742	$ 1,829	$ 1,921
TOTAL SOUTH TERMINAL RENTAL REVENUE	**$ 1,219**	**$ 1,176**	**$ 1,392**	**$ 1,461**	**$ 1,534**	**$ 1,610**	**$ 1,690**	**$ 1,773**	**$ 1,861**	**$ 1,954**

SOURCES: Wayne County Airport Authority (historical), Ricondo & Associates, Inc. (projected), July 2012.
PREPARED BY: Ricondo & Associates, Inc., August 2012.

6.5.2 CONCESSIONS REVENUE

The Authority has multiple concessionaires operating in each of the Airport's terminal facilities for food and beverage services, news and gift services, duty free services in the McNamara Terminal, advertising, pay phones, and other miscellaneous services. In general, the Authority receives revenue from these concessionaires in the form of commission fees that generally include a minimum annual guarantee (MAG) along with other certain commissions depending on performance. As described previously, the Authority and several of its concession operators at the McNamara Terminal and the North Terminal have received industry awards and accolades in recent years for the overall scope and diversity of the concessions program.

Concessions revenue at the Airport totaled approximately $31.3 million in each of OY 2011 and OY 2012 (Estimated). After a projected decrease to approximately $30.3 million in OY 2013, concession revenues are projected to increase to approximately $37.3 million in OY 2020, representing a compounded annual growth rate of approximately 3.0 percent. Concession revenue projections are developed based on projected passenger growth and anticipated inflationary impacts.

The Authority is currently conducting a competitive solicitation for proposals for certain retail locations within the McNamara Terminal. The OY 2013 projection of News & Gifts Shops concession revenue in the McNamara Terminal incorporates assumed impacts resulting from the phased closure and build-out of the selected concession concepts. Similarly, the Authority expects to competitively solicit proposals for certain food and beverage locations within the McNamara Terminal in OY 2013 and OY 2014 and concession revenue projections for this category in OY 2014 also reflect assumed impacts of phased closure and build-out of selected concepts.

6.5.3 CAR RENTAL REVENUE

Currently, seven rental car agencies operate at the Airport. Six of these agencies are located on-airport in the northern section of Airport property along Lucas Drive. These include Alamo/National, Avis, Budget, Dollar, Enterprise, and Hertz. Thrifty has an off-airport operation in Romulus. The Authority also receives revenues from the rental car companies through commissions consisting of a MAG and certain other performance measurements. Current agreements with the rental car agencies operating at the Airport extend through June 30, 2014. Projections of rental car revenue beyond the expiration of the current agreements assume that new agreements with similar business terms will be entered into following the expiration of the current agreements.

Rental car revenues totaled approximately $19.0 million in OY 2011 and are estimated at $18.5 million for OY 2012. Total rental car revenues are projected to increase from approximately $18.7 million in OY 2013 to approximately $22.8 million in OY 2020, representing a compounded annual growth rate of approximately 2.9 percent. Factors contributing to growth in car rental revenues include projected O&D passenger growth at the Airport as well as keeping pace with inflationary impacts.

6.5.4 GROUND TRANSPORTATION REVENUE

Ground transportation providers are located adjacent to the curb at both of the terminals. At the McNamara Terminal, ground transportation providers operate within the Ground Transportation Center located within the McNamara parking garage. At the North Terminal, ground transportation providers operate within the

Ground Transportation Center constructed adjacent to the Blue Deck at the North Terminal. Ground transportation options available today include taxi service, luxury sedans, on-airport parking shuttles, courtesy vehicles, scheduled van service, and pre-arranged limo or charter bus services.

Revenues for ground transportation services include ground transportation fees charged to taxi services and other surface transportation providers, revenues from AVI, and land lease revenues associated with vehicle storage. Ground transportation revenues totaled approximately $4.9 million in OY 2011 and are estimated at $5.0 million for OY 2012. Based on projected O&D passenger growth and inflationary impacts, ground transportation revenues are projected to increase from approximately $5.1 million in OY 2013 to approximately $5.7 million in OY 2020, representing a compounded annual growth rate of 1.6 percent over the period OY 2011 through OY 2020.

6.5.5 RENTAL REVENUE

After an estimated decrease in OY 2012, non-airline rental revenues are projected to increase from approximately $6.2 million in OY 2013 to approximately $7.6 million in OY 2020, representing a compounded annual growth rate of approximately 3.0 percent. Revenue items in this category include TSA space rental revenue in the North Terminal and non-terminal airline rentals, projected based on inflationary impacts. These non-terminal airline rentals include, but are not limited to, hangar, cargo and/or maintenance and other facility rentals.

6.5.6 OTHER NON-AIRLINE REVENUES

Other revenues, comprised of shuttle bus revenues, utility service fees, charges for services, other revenue, and interest income, are projected to increase from approximately $10.5 million in OY 2013 to approximately $15.6 million in OY 2020, representing a compounded annual growth rate of approximately 4.4 percent. All items with exception of interest income are projected based on anticipated inflationary impacts. Interest income is projected based on projected fund balances and an estimated investment earnings rates applicable fund balances.

6.6 Airline Rates, Revenues, and Cost Per Enplanement

Airline rental and activity fee rates for the period OY 2011 through OY 2020, calculated per the requirements of the Airline Agreement, are presented in the following sections. Terminal rental rates are calculated based on each terminal's respective net requirement divided by its total rented airline premises. The Airport Activity Fee is calculated using an Airport system residual methodology based on projections of total airline landed weight.

6.6.1 SOUTH TERMINAL RENTAL RATE AND RENTAL REVENUE

Table 6-8 presents South Terminal Rental Rates, calculated per the terms of the Airline Agreements (as described in Section 6.2.3.1), for the period OY 2011 through OY 2020. Between OY 2011 and OY 2020, the South Terminal Rental Rate is projected to increase from $57.82 in OY 2011 to $75.99 in OY 2020. Over the same period, total South Terminal Rental Revenue is projected to increase from approximately $52.4 million to approximately $68.8 million, representing a CAGR of approximately 3.1 percent.

Table 6-8 South Terminal Signatory Airline Rentals

(Dollars in Thousands for Operating Years Ending September 30)

	ACTUAL	ESTIMATED	PROJECTED							
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total South Terminal O&M Expenses	$ 45,771	$ 45,783	$ 47,748	$ 49,545	$ 51,414	$ 53,358	$ 55,380	$ 57,484	$ 59,674	$ 61,952
Bond Debt Service 1/	$ 61,398	$ 57,898	$ 58,786	$ 58,793	$ 58,420	$ 58,434	$ 56,825	$ 56,433	$ 57,508	$ 57,728
TOTAL REQUIREMENT	**$ 107,169**	**$ 103,681**	**$ 106,534**	**$ 108,338**	**$ 109,834**	**$ 111,791**	**$ 112,205**	**$ 113,918**	**$ 117,182**	**$ 119,680**
Less: Other Available Moneys 2/	$ 47,471	$ 40,825	$ 40,871	$ 40,519	$ 40,611	$ 40,142	$ 40,264	$ 40,539	$ 41,562	$ 42,059
Less: International Facilities Use Fees	$ 6,105	$ 6,090	$ 6,100	$ 6,199	$ 6,301	$ 6,403	$ 6,508	$ 6,614	$ 6,722	$ 6,831
Less: South Terminal Rental Revenue	$ 1,219	$ 1,176	$ 1,392	$ 1,461	$ 1,534	$ 1,610	$ 1,690	$ 1,773	$ 1,861	$ 1,954
Less: Other Airline Terminal Rents	$ -	$ 600	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
NET REQUIREMENT	**$ 52,374**	**$ 54,989**	**$ 58,171**	**$ 60,158**	**$ 61,388**	**$ 63,636**	**$ 63,743**	**$ 64,991**	**$ 67,037**	**$ 68,836**
SOUTH TERMINAL AIRLINE PREMISES 3/	**905,837**	**905,837**	**905,837**	**905,837**	**905,837**	**905,837**	**905,837**	**905,837**	**905,837**	**905,837**
SOUTH TERMINAL RENTAL RATE (per square foot)	**$ 57.82**	**$ 60.71**	**$ 64.22**	**$ 66.41**	**$ 67.77**	**$ 70.25**	**$ 70.37**	**$ 71.75**	**$ 74.01**	**$ 75.99**
TOTAL SOUTH TERMINAL RENTAL AND TERMINAL USE CHARGES 4/	**$ 52,374**	**$ 54,989**	**$ 58,171**	**$ 60,158**	**$ 61,388**	**$ 63,636**	**$ 63,743**	**$ 64,991**	**$ 67,037**	**$ 68,836**

NOTES:

1/ As defined in the Airline Agreements, includes certain requirements in addition to Revenue Bond Debt Service.

2/ PFC moneys transferred to the Bond Fund or Junior Lien Bond Fund for the payment of PFC-eligible debt service.

3/ Preferential South Terminal Space leased to Signatory Airlines and Shared Use South Terminal Space.

4/ Includes per-deplaned passenger Shared Use Fees.

SOURCES: Wayne County Airport Authority (historical), Ricondo & Associates, Inc. (projected), July 2012.

PREPARED BY: Ricondo & Associates, Inc., August 2012.

6.6.2 NORTH TERMINAL RENTAL RATE AND RENTAL REVENUE

Table 6-9 presents projected North Terminal Rental Rates for the period OY 2011 through OY 2020 based on the rate making methodology identified in the Airline Agreements as described in Section 6.2.3.1. Between OY 2011 and OY 2020, the North Terminal Rental Rate is projected to increase from $68.72 in OY 2011 to $131.53 in OY 2020. During interim years of this period, the North Terminal Rental Rate and Total North Terminal Rental Revenues are projected to fluctuate, reaching $152.32 and approximately $10.1 million, respectively, in OY 2016. These rate and total revenue fluctuations are primarily attributable to the amount of Other Available Moneys projected to be applied to North Terminal Bond Debt Service based on PFC-eligible debt service funding priorities and declining PFC fund balances. The Authority has contractually agreed with the Signatory Airlines to use additional PFC collections that may result from potential increases to per passenger PFC collection levels to fund PFC-eligible debt service which may mitigate the projected rate and total revenue fluctuations.

6.6.3 ACTIVITY FEE

Activity Fee rates for the period OY 2011, OY 2012 (estimated) and projected for the period OY 2013 through OY 2020 are presented in **Table 6-10**. Using the Airport system residual approach defined in the Airline Agreements and projected total airline landed weights from Chapter 5 of this report, the Signatory Airline Activity Fee Rate is projected to increase from approximately $3.24 per 1,000 pounds of aircraft landed weight in OY 2011 to approximately $4.23 in OY 2019, and subsequently decrease to approximately $3.99 in OY 2020. In each year, the Non-Signatory Activity Fee Rate is 125 percent of the Signatory Airline Airport Activity Fee Rate.

As shown, total Airport Activity Fee Revenue is projected to increase from approximately $68.0 million in OY 2011 to approximately $95.5 million in OY 2020.

6.6.4 AVERAGE AIRLINE COST PER ENPLANEMENT

A general test of reasonableness for Airport user fees is the average airline cost per enplaned passenger (CPE). **Table 6-11** presents projections of the Airport's estimated average CPE over the period OY 2011 through OY 2020. The projected Airport average CPE is calculated based on estimated airline Terminal Rental and Use Fees, Activity Fee Revenue, IFUF collections, and debt service recapture associated with a terminal project that is funded by a single carrier, each of which has been projected based on applicable Airline Agreements. Total passenger enplanement projections as presented in Chapter 5 of this report are used as the divisor in this calculation.

As shown, the Airport's estimated average Airline CPE is projected to increase from approximately $8.90 in OY 2011 and $9.73 in OY 2012 (Estimated) to approximately $11.01 in OY 2019, before decreasing to $10.66 in OY 2020. Over the long-term, the projected Airport average CPE throughout the projection period appears reasonable and affordable for the air carriers.

Table 6-9 North Terminal Signatory Airline Rentals

(Dollars in Thousands for Operating Years Ending September 30)

	ACTUAL 2011	ESTIMATED 2012	PROJECTED 2013	2014	2015	2016	2017	2018	2019	2020
Total North Terminal O&M Expenses	$ 13,441	$ 13,599	$ 13,608	$ 14,084	$ 14,578	$ 15,090	$ 15,621	$ 16,172	$ 16,744	$ 17,338
Bond Debt Service 1/	$ 35,118	$ 34,193	$ 35,720	$ 36,225	$ 36,206	$ 36,270	$ 34,474	$ 34,090	$ 34,193	$ 34,301
TOTAL REQUIREMENT	**$ 48,558**	**$ 47,792**	**$ 49,328**	**$ 50,309**	**$ 50,783**	**$ 51,360**	**$ 50,095**	**$ 50,263**	**$ 50,937**	**$ 51,639**
Less: Other Available Moneys 2/	$ 31,016	$ 19,756	$ 19,779	$ 19,528	$ 20,531	$ 19,212	$ 20,441	$ 21,532	$ 21,879	$ 22,856
Less: International Facilities Use Fees	$ 533	$ 498	$ 540	$ 549	$ 558	$ 567	$ 576	$ 585	$ 595	$ 605
Less: North Terminal Rental Revenue	$ 1,374	$ 1,384	$ 864	$ 901	$ 939	$ 978	$ 1,020	$ 1,064	$ 1,109	$ 1,156
Less: Authority-Controlled Airline Space Revenue 3/	$ 2,083	$ 3,079	$ 2,814	$ 2,856	$ 2,836	$ 2,901	$ 2,811	$ 2,776	$ 2,786	$ 2,774
Less: North Terminal Shared Use Fees 4/	$ 9,000	$ 15,045	$ 16,202	$ 16,892	$ 16,557	$ 17,630	$ 16,152	$ 15,585	$ 15,743	$ 15,550
NET REQUIREMENT	**$ 4,552**	**$ 8,028**	**$ 9,128**	**$ 9,584**	**$ 9,363**	**$ 10,071**	**$ 9,095**	**$ 8,721**	**$ 8,825**	**$ 8,697**
PREFERENTIAL NORTH TERMINAL SPACE LEASED TO SIGNATORY AIRLINES	**66,237**	**66,121**	**66,121**	**66,121**	**66,121**	**66,121**	**66,121**	**66,121**	**66,121**	**66,121**
NORTH TERMINAL RENTAL RATE (per square foot)	**$ 68.72**	**$ 121.42**	**$ 138.06**	**$ 144.94**	**$ 141.60**	**$ 152.32**	**$ 137.55**	**$ 131.89**	**$ 133.47**	**$ 131.53**
NORTH TERMINAL RENTALS	**$ 4,552**	**$ 8,028**	**$ 9,128**	**$ 9,584**	**$ 9,363**	**$ 10,071**	**$ 9,095**	**$ 8,721**	**$ 8,825**	**$ 8,697**

NOTES:

1/ As defined in the Airline Agreements, includes certain requirements in addition to Revenue Bond Debt Service.

2/ PFC moneys transferred to the Bond Fund or Junior Lien Bond Fund for the payment of PFC-eligible debt service.

3/ Comprised of revenues received for the use of North Terminal Authority-Controlled Airline Space. Amounts include Common Use Gate Fees, Overnight Common Use Gate Rental, non-signatory airline space rentals, and rental for member-only airline clubs.

4/ Collected on a per-enplaned passenger basis from all airlines for the use of approximately 125,000 square feet of shared use space including baggage claim, baggage make-up, and outbound baggage areas.

SOURCES: Wayne County Airport Authority (historical), Ricondo & Associates, Inc. (projected), July 2012.

PREPARED BY: Ricondo & Associates, Inc., August 2012.

Table 6-10 Airport Activity Fee

(Dollars in Thousands for Operating Years Ending September 30)

	ACTUAL 2011	ESTIMATED 2012	PROJECTED 2013	2014	2015	2016	2017	2018	2019	2020
Total O&M Expenses	$ 196,321	$ 187,966	$ 183,964	$ 190,386	$ 197,043	$ 203,943	$ 211,096	$ 218,511	$ 226,199	$ 234,170
Bond Debt Service 1/	$ 76,733	$ 97,039	$ 100,189	$ 104,085	$ 109,202	$ 116,975	$ 109,035	$ 115,278	$ 117,917	$ 111,696
Interest Expense	$ 2,077	$ 2,492	$ 2,160	$ 2,095	$ 2,095	$ 2,095	$ 2,095	$ 2,095	$ 2,095	$ 2,095
TOTAL REVENUE REQUIREMENT	**$ 275,131**	**$ 287,497**	**$ 286,313**	**$ 296,567**	**$ 308,340**	**$ 323,013**	**$ 322,226**	**$ 335,884**	**$ 346,211**	**$ 347,961**
LESS: Nonairline Revenues	$ 131,663	$ 130,059	$ 127,225	$ 129,152	$ 133,153	$ 136,395	$ 139,727	$ 143,152	$ 146,672	$ 150,291
ADD: AVI Transfer 2/	$ 2,299	$ 2,303	$ 2,340	$ 2,378	$ 2,417	$ 2,456	$ 2,496	$ 2,500	$ 2,500	$ 2,500
LESS: International Facility Use Fees	$ 6,638	$ 6,588	$ 6,640	$ 6,748	$ 6,858	$ 6,970	$ 7,084	$ 7,199	$ 7,317	$ 7,436
LESS: Non-Signatory Activity Fee Revenue	$ 969	$ 986	$ 803	$ 864	$ 949	$ 898	$ 973	$ 1,140	$ 1,193	$ 1,151
LESS: Total Airline Terminal Space Revenue 3/	$ 68,009	$ 81,142	$ 86,316	$ 89,490	$ 90,144	$ 94,239	$ 91,800	$ 92,073	$ 94,391	$ 95,857
LESS: Supplemental Capital Cost Payments 4/	$ 1,828	$ 1,828	$ 1,828	$ 1,828	$ 1,828	$ 1,328	$ 1,328	$ 1,328	$ 1,328	$ 1,328
LESS: Other Grants and Transfers	$ 1,278	$ 986	$ -	$ -	$ -	$ 12,000	$ 4,000	$ -	$ -	$ -
NET REVENUE REQUIREMENT	**$ 67,045**	**$ 68,211**	**$ 65,842**	**$ 70,863**	**$ 77,825**	**$ 73,640**	**$ 79,810**	**$ 93,492**	**$ 97,811**	**$ 94,398**
Total Signatory Airline Landed Weight (million pound units)	20,685	20,555	20,500	20,831	21,225	21,684	22,166	22,640	23,136	23,679
Airport Activity Fee Rate	$ 3.24	$ 3.32	$ 3.21	$ 3.40	$ 3.67	$ 3.40	$ 3.60	$ 4.13	$ 4.23	$ 3.99
AIRPORT ACTIVITY FEE RATE CHARGED										
Signatory Airlines	$ 3.24	$ 3.32	$ 3.21	$ 3.40	$ 3.67	$ 3.40	$ 3.60	$ 4.13	$ 4.23	$ 3.99
Non-Signatory Airlines (25% Premium)	$ 4.05	$ 4.15	$ 4.01	$ 4.25	$ 4.58	$ 4.25	$ 4.50	$ 5.16	$ 5.28	$ 4.98
Airport Activity Fee Revenue										
Total Signatory Airline Landed Weight	20,685	20,555	20,500	20,831	21,225	21,684	22,166	22,640	23,136	23,679
Total Non-Signatory Airline Landed Weight	239	238	200	203	207	212	216	221	226	231
TOTAL AIRLINE LANDED WEIGHT	**20,924**	**20,793**	**21,082**	**21,422**	**21,827**	**22,299**	**22,795**	**23,282**	**23,792**	**24,351**
Signatory Airline Activity Fee Revenue	$ 67,045	$ 68,211	$ 65,842	$ 70,863	$ 77,825	$ 73,640	$ 79,810	$ 93,492	$ 97,811	$ 94,398
Non-Signatory Airline Activity Fee Revenue	$ 969	$ 986	$ 803	$ 864	$ 949	$ 898	$ 973	$ 1,140	$ 1,193	$ 1,151
AIRPORT ACTIVITY FEE REVENUE	**$ 68,013**	**$ 69,197**	**$ 66,645**	**$ 71,727**	**$ 78,774**	**$ 74,538**	**$ 80,783**	**$ 94,632**	**$ 99,004**	**$ 95,549**

NOTES:

1/ As defined in the Airline Agreements, includes certain requirements in addition to Revenue Bond Debt Service.

2/ Up to but not exceeding $2.5 million of Revenue attributable to the automated vehicle identification program and any proceeds from the sale of certain West side airfield properties.

3/ Includes all Signatory Airline terminal rentals, terminal use charges, shared use fees, Authority-controlled airline space revenues, and other terminal rental revenue.

4/ Annual Bond Debt Service Charges in respect of certain projects that were constructed for the sole benefit of Northwest Airlines in its terminal facility prior to February 26, 2002.

SOURCES: Wayne County Airport Authority (historical), Ricondo & Associates, Inc. (projected), July 2012.

PREPARED BY: Ricondo & Associates, Inc., August 2012.

Table 6-11 Airline Cost Per Enplaned Passenger

(Dollars in Thousands for Operating Years Ending September 30)

	ACTUAL 2011	ESTIMATED 2012	PROJECTED 2013	2014	2015	2016	2017	2018	2019	2020
Airline Revenues										
Airline Rental[1/] and Shared Use Fees:										
South Terminal	$ 52,374	$ 54,989	$ 58,171	$ 60,158	$ 61,388	$ 63,636	$ 63,743	$ 64,991	$ 67,037	$ 68,836
North Terminal [2/]	$ 15,635	$ 26,153	$ 28,145	$ 29,332	$ 28,756	$ 30,602	$ 28,057	$ 27,082	$ 27,354	$ 27,021
Activity Fee Revenue	$ 68,013	$ 69,197	$ 66,645	$ 71,727	$ 78,774	$ 74,538	$ 80,783	$ 94,632	$ 99,004	$ 95,549
International Facility Use Fees	$ 6,638	$ 6,588	$ 6,640	$ 6,748	$ 6,858	$ 6,970	$ 7,084	$ 7,199	$ 7,317	$ 7,436
Supplemental Capital Cost Payments [3/]	$ 1,828	$ 1,828	$ 1,828	$ 1,828	$ 1,828	$ 1,328	$ 1,328	$ 1,328	$ 1,328	$ 1,328
TOTAL AIRLINE REVENUES	**$ 144,488**	**$ 158,754**	**$ 161,429**	**$ 169,793**	**$ 177,604**	**$ 177,074**	**$ 180,995**	**$ 195,232**	**$ 202,039**	**$ 200,170**
Enplaned Passengers	16,226	16,324	16,381	16,597	16,891	17,213	17,582	17,957	18,359	18,769
Airline Cost Per Enplaned Passenger	$ 8.90	$ 9.73	$ 9.85	$ 10.23	$ 10.51	$ 10.29	$ 10.29	$ 10.87	$ 11.01	$ 10.66
Airline Cost Per Enplaned Passenger - 2012 Dollars			$ 9.57	$ 9.64	$ 9.62	$ 9.14	$ 8.88	$ 9.11	$ 8.95	$ 8.42

NOTES:

1/ Excluding rent for non-terminal facilities.

2/ Includes North Terminal Rentals, North Terminal Authority-Controlled Airline Space Revenue, and North Terminal Shared Use Fees.

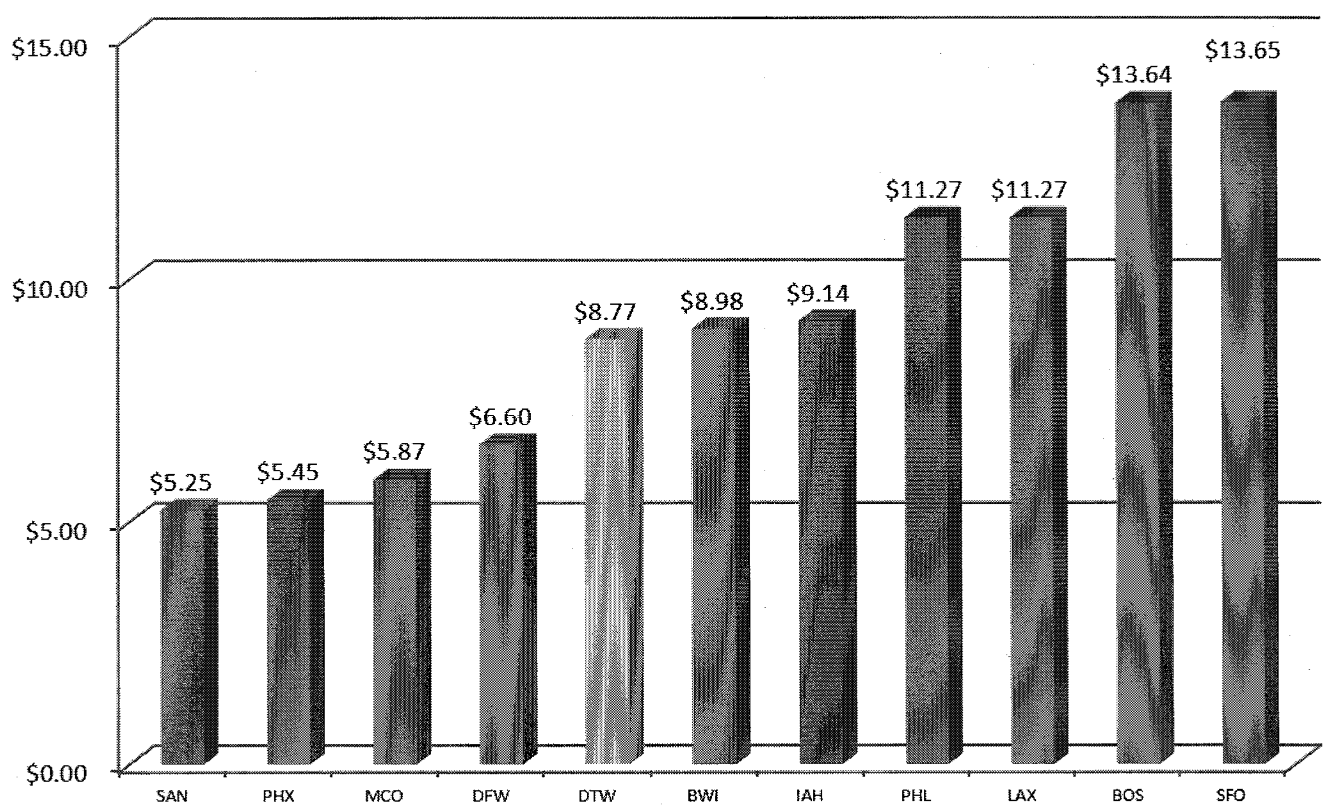
3/ Annual Bond Debt Service Charges in respect of certain projects that were constructed for the sole benefit of Northwest Airlines in its terminal facility prior to February 26, 2002.

SOURCES: Wayne County Airport Authority (historical), Ricondo & Associates, Inc. (projected), July 2012.

PREPARED BY: Ricondo & Associates, Inc., August 2012.

Exhibit 6-1 presents the Airport's CPE relative to other airports in the U.S participating in ACI's Preliminary FY 2011 Benchmarking Survey. R&A believes that the Airport's CPE is reasonable as compared to other large-hub U.S. airports, especially when noting that the Authority has completed a significant capital program that has modernized its facilities. As such, the Authority has been able to keep its costs to the airlines low while investing significant capital into the facility. The comparatively low CPE combined with the modern facilities strategically positions the Airport well into the foreseeable future.

Exhibit 6-1 Airline Cost Per Enplanement Comparison



NOTE: Benchmark CPE includes landing fees, terminal rents, and federal inspection station charges. Cargo airline landing fees and non-terminal rent is excluded from the calculation

SOURCE: Preliminary FY 2011 ACI Benchmarking Survey

PREPARED BY: Wayne County Airport Authority, July 2012.

6.7 Rate Covenant and Pro-Forma Projection of Debt Service Coverage

Table 6-12 presents the application of revenues for OY 2011, estimated OY 2012, and projected for OY 2013 through OY 2020 and reflects the disposition of cash flow into the appropriate funds as described in the Ordinances.

As shown in **Table 6-13,** Net Revenues generated in each year of the Projection Period will be sufficient to comply with the Rate Covenant established in the Ordinances. In addition, Airport debt service coverage ratios are projected to exceed 1.60x Senior Lien Bond debt service in each year OY 2013 through OY 2020.

Table 6-12 Application of Revenues

(Dollars in Thousands for Operating Years Ending September 30)

	ACTUAL 2011	ESTIMATED 2012	PROJECTED 2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Airline Revenues	$ 144,488	$ 158,754	$ 161,429	$ 169,793	$ 177,604	$ 177,074	$ 180,995	$ 195,232	$ 202,039	$ 200,170
Nonairline Revenues	$ 131,663	$ 130,059	$ 127,225	$ 129,152	$ 133,153	$ 136,395	$ 139,727	$ 143,152	$ 146,672	$ 150,291
Other Available Moneys 1/	$ 87,767	$ 64,768	$ 64,842	$ 64,201	$ 65,290	$ 63,475	$ 64,836	$ 66,219	$ 67,698	$ 69,213
Bond Fund and Bond Reserve Fund Income	$ 3,496	$ 2,494	$ 2,421	$ 2,889	$ 2,893	$ 2,864	$ 2,680	$ 2,643	$ 2,675	$ 2,592
Other Grants and Transfers 2/	$ 1,278	$ 986	$ -	$ -	$ -	$ 12,000	$ 4,000	$ -	$ -	$ -
Total Revenues and Other Available Moneys	**$ 368,693**	**$ 357,062**	**$ 355,916**	**$ 366,035**	**$ 378,939**	**$ 391,809**	**$ 392,238**	**$ 407,246**	**$ 419,084**	**$ 422,266**
Application of Revenues										
Operation and Maintenance Fund	$ 198,398	$ 190,458	$ 186,124	$ 192,480	$ 199,138	$ 206,038	$ 213,191	$ 220,606	$ 228,294	$ 236,265
Bond Fund	$ 150,360	$ 145,945	$ 149,285	$ 152,258	$ 158,233	$ 163,890	$ 156,873	$ 164,208	$ 168,094	$ 163,032
Junior Lien Bond Fund	$ 11,719	$ 12,271	$ 12,238	$ 12,231	$ 12,231	$ 12,270	$ 12,276	$ 12,274	$ 12,275	$ 12,276
Operation and Maintenance Reserve Fund	$ -	$ -	$ -	$ 535	$ 554	$ 575	$ 596	$ 618	$ 641	$ 664
Renewal and Replacement Fund	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500
Airport Discretionary Fund	$ 350	$ 350	$ 350	$ 350	$ 350	$ 350	$ 350	$ 350	$ 350	$ 350
Airport Development Fund 3/	$ 5,067	$ 5,235	$ 5,079	$ 5,301	$ 5,515	$ 5,730	$ 5,956	$ 6,190	$ 6,430	$ 6,678
Other Transfer to the Airport Development Fund	$ 2,299	$ 2,303	$ 2,340	$ 2,378	$ 2,417	$ 2,456	$ 2,496	$ 2,500	$ 2,500	$ 2,500
Total Application of Revenues	**$ 368,693**	**$ 357,062**	**$ 355,916**	**$ 366,035**	**$ 378,939**	**$ 391,809**	**$ 392,238**	**$ 407,246**	**$ 419,084**	**$ 422,266**

NOTES:

1/ In addition to PFCs available to pay debt service, includes additional amounts that the Authority anticipates applying to offset airfield debt service in OY 2012 through OY 2015.

2/ For OY 2016 and OY 2017, reflects anticipated debt service reserve fund releases applied to debt service.

3/ Net of Series 2007 debt service payable from the Airport Development Fund.

SOURCES: Wayne County Airport Authority (historical), Ricondo & Associates, Inc. (projected), July 2012.

PREPARED BY: Ricondo & Associates, Inc., August 2012.

Table 6-13 Net Revenues, Debt Service Coverage and Rate Covenant

(Dollars in Thousands for Operating Years Ending September 30)

	ACTUAL	ESTIMATED	PROJECTED							
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Service Coverage:										
Revenues and Other Available Moneys	$ 368,693	$ 357,062	$ 355,916	$ 366,035	$ 378,939	$ 391,809	$ 392,238	$ 407,246	$ 419,084	$ 422,266
ADD: Revenue Fund Balance 1/	$ 69,765	$ 74,215	$ 75,050	$ 75,793	$ 77,287	$ 78,701	$ 76,947	$ 78,968	$ 80,299	$ 79,114
LESS: Operation and Maintenance Fund 2/	$ 198,398	$ 190,458	$ 186,124	$ 192,480	$ 199,138	$ 206,038	$ 213,191	$ 220,606	$ 228,294	$ 236,265
Net Revenues Available for Senior Lien Debt Service	**$ 240,060**	**$ 240,819**	**$ 244,842**	**$ 249,348**	**$ 257,088**	**$ 264,472**	**$ 255,994**	**$ 265,608**	**$ 271,089**	**$ 265,115**
Senior Lien Bond Debt Service	$ 150,360	$ 145,945	$ 149,285	$ 152,258	$ 158,233	$ 163,890	$ 156,873	$ 164,208	$ 168,094	$ 163,032
Senior Lien Bond Debt Service Coverage	1.60	1.65	1.64	1.64	1.62	1.61	1.63	1.62	1.61	1.63
Rate Covenant:										
Net Revenues Available for Senior Lien Debt Service	$ 240,060	$ 240,819	$ 244,842	$ 249,348	$ 257,088	$ 264,472	$ 255,994	$ 265,608	$ 271,089	$ 265,115
LESS: Senior Lien Bond Debt Service	$ 150,360	$ 145,945	$ 149,285	$ 152,258	$ 158,233	$ 163,890	$ 156,873	$ 164,208	$ 168,094	$ 163,032
Net Revenues Available for Junior Lien Debt Service	**$ 89,700**	**$ 94,874**	**$ 95,557**	**$ 97,089**	**$ 98,855**	**$ 100,582**	**$ 99,121**	**$ 101,400**	**$ 102,995**	**$ 102,082**
Less: Junior Lien Bond Debt Service	$ 11,719	$ 12,271	$ 12,238	$ 12,231	$ 12,231	$ 12,270	$ 12,276	$ 12,274	$ 12,275	$ 12,276
Less: Operation and Maintenance Reserve Fund	$ -	$ -	$ -	$ 535	$ 554	$ 575	$ 596	$ 618	$ 641	$ 664
Less: Renewal and Replacement Fund	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500
Less: Airport Development Fund	$ 5,067	$ 5,235	$ 5,079	$ 5,301	$ 5,515	$ 5,730	$ 5,956	$ 6,190	$ 6,430	$ 6,678
Less: Authority Discretionary Fund	$ 350	$ 350	$ 350	$ 350	$ 350	$ 350	$ 350	$ 350	$ 350	$ 350
Less: 25% Senior Lien Bond Debt Service	$ 37,590	$ 36,486	$ 37,321	$ 38,065	$ 39,558	$ 40,972	$ 39,218	$ 41,052	$ 42,023	$ 40,758
Subtotal	**$ 55,226**	**$ 54,843**	**$ 55,488**	**$ 56,982**	**$ 58,709**	**$ 60,397**	**$ 58,896**	**$ 60,984**	**$ 62,220**	**$ 61,226**
Net Revenues Remaining in Revenue Fund	**$ 34,474**	**$ 40,032**	**$ 40,069**	**$ 40,107**	**$ 40,146**	**$ 40,185**	**$ 40,225**	**$ 40,416**	**$ 40,776**	**$ 40,856**

NOTES:

1/ Includes certain amounts that the Authority has accumulated for other reserves not specified in the table above, but which are legally available for debt service until used for such other purposes.

2/ Includes Capital Acquisition and Interest Expense.

SOURCES: Wayne County Airport Authority (historical), Ricondo & Associates, Inc. (projected), July 2012.

PREPARED BY: Ricondo & Associates, Inc., August 2012.

6.8 Sensitivity Scenario

As a result of a request made by a credit rating agency during the credit review process, and solely for that purpose, a sensitivity scenario was conducted to quantify the potential impacts that a lower activity scenario would have on the baseline financial projections. Based on the specific requests from the credit rating agency, in the sensitivity scenario baseline passenger enplanement projections were adjusted to reflect the following:

- No enplanement growth in OY 2013 and OY 2014
- 25 percent reduction in Delta connecting traffic in OY 2015
- 6 percent reduction in O&D traffic in OY 2015
- 1.5 percent growth in enplanements (connecting and O&D) in each year thereafter

As described in Section 2.3.3 of this report, when measured based on activity by Delta and Delta Connection Carriers, the Airport was Delta's second busiest airport in terms of total enplaned passengers, scheduled departing seats, and scheduled departures behind ATL in CY 2011. It is viewed by Delta as a key hub in its system and, since the merger with Northwest, Delta has been expanding its operations at the Airport including adding service to new international destinations. Therefore, neither the Authority nor R&A considers such a 25 percent reduction in connecting traffic incorporated in the sensitivity analysis as a likely event at any time in the Projection Period.

In addition to incorporating the requested changes to passenger enplanement projections, projections of certain O&M Expenses and non-airline revenues were revised to incorporate the anticipated impacts of reduced passenger levels. Similarly, as a result of the reduced passenger enplanement levels in the sensitivity scenario, projected PFC collections, and consequently Other Available Moneys used to offset PFC-eligible debt service, were also reduced as compared to the baseline projections.

Table 6-14 presents projections of key financial metrics in the sensitivity scenario. Given the residual nature of the Airline Agreement, Senior Lien coverage remains substantially the same as in the baseline scenario; and therefore, it exceeds minimum coverage requirements throughout the Projection Period and does not fall below 1.60x. As would be expected given the residual nature of the Airline Agreement, airline revenues, and the resultant CPE, are comparatively higher in the sensitivity scenario due to the lower passenger enplanement levels and the higher airline net requirement that results from reduced nonairline revenues and Other Available Moneys being available to pay PFC-eligible debt service. It is also important to note that if such an operating scenario did occur, the Authority would study its impacts in a much more comprehensive manner and would likely consider operational changes, such as the closure of passenger terminals or portions thereof, to further reduce operating costs.

Table 6-14 Summary of Sensitivity Scenario

(Dollars in Thousands Except Rates and CPE for Operating Years Ending September 30)

	ACTUAL	ESTIMATED	PROJECTED							
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Sensitivity Scenario										
Total Enplaned Passengers	16,226	16,324	16,324	16,324	13,608	13,812	14,019	14,229	14,443	14,659
- Annual Change		0.6%	0.0%	0.0%	-16.6%	1.5%	1.5%	1.5%	1.5%	1.5%
Total PFC Revenues	$ 62,198	$ 61,628	$ 60,196	$ 60,196	$ 50,180	$ 50,932	$ 51,696	$ 52,472	$ 53,259	$ 54,058
Total O&M Expenses	$ 196,321	$ 187,966	$ 183,964	$ 190,386	$ 191,069	$ 197,775	$ 204,726	$ 211,934	$ 219,407	$ 227,156
Total Non-Airline Revenues	$ 131,663	$ 130,059	$ 127,225	$ 126,627	$ 119,320	$ 120,772	$ 123,350	$ 125,997	$ 128,712	$ 131,199
Total Airline Revenues	$ 144,488	$ 158,754	$ 161,640	$ 173,285	$ 196,859	$ 198,831	$ 203,894	$ 219,337	$ 227,463	$ 227,254
Airport Activity Fee (Signatory Airlines)	$ 3.24	$ 3.32	$ 3.21	$ 3.58	$ 5.17	$ 4.98	$ 5.29	$ 6.02	$ 6.21	$ 5.99
Airline Cost Per Enplaned Passenger	$ 8.90	$ 9.73	$ 9.90	$ 10.62	$ 14.47	$ 14.40	$ 14.54	$ 15.41	$ 15.75	$ 15.50
Senior Lien Bond Debt Service	$ 150,360	$ 145,945	$ 149,285	$ 152,258	$ 158,233	$ 163,890	$ 156,873	$ 164,208	$ 168,094	$ 163,032
Senior Lien Bond Debt Service Coverage	1.60	1.65	1.64	1.64	1.62	1.61	1.63	1.62	1.61	1.63

SOURCES: Wayne County Airport Authority (historical), Ricondo & Associates, Inc. (projected), August 2012.

PREPARED BY: Ricondo & Associates, Inc., August 2012.

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APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE AIRPORT

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WAYNE COUNTY AIRPORT AUTHORITY

A discretely presented component unit of The Charter County of Wayne, Michigan

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

FOR YEAR ENDED SEPTEMBER 30, 2011

DETROIT METRO • WILLOW RUN

WAYNE COUNTY AIRPORT AUTHORITY

WAYNE COUNTY AIRPORT AUTHORITY
(A Discretely Presented Component Unit of
the Charter County of Wayne, Michigan)

Comprehensive Annual Financial Report

Year Ended September 30, 2011

Prepared by:
Controller's Office

WAYNE COUNTY AIRPORT AUTHORITY

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WAYNE COUNTY AIRPORT AUTHORITY

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DETROIT METRO • WILLOW RUN
WAYNE COUNTY AIRPORT AUTHORITY

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January 20, 2012

To the Wayne County Airport Authority Board:

The Comprehensive Annual Financial Report (CAFR) of the Wayne County Airport Authority (the Authority) for the year ended September 30, 2011 is submitted herewith. Responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with the Authority. To the best of our knowledge and belief, this report fairly presents and fully discloses the Authority's financial position, results of operations, and cash flows in accordance with generally accepted accounting principles (GAAP). It includes disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities included within the CAFR. The report of the independent auditors on the financial statements is included on pages 1 and 2.

The CAFR was prepared following the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA). The GFOA awards Certificates of Achievement to those governments whose annual financial reports are judged to conform substantially to the high standards of public financial reporting, including GAAP promulgated by the Governmental Accounting Standards Board (GASB).

The management of the Authority is responsible for establishing and maintaining an internal control structure that is designed to ensure that the assets of the Authority are safeguarded. In addition, as a recipient of federal financial assistance, the Authority is responsible to make certain that an adequate internal control structure is in place to ensure compliance with general and specific laws and regulations related to the Airport Improvement Program and the Aviation Safety and Capacity Expansion Act.

The objectives of an internal control structure are to provide management with reasonable assurance that the resources are safeguarded against waste, loss, and misuse, and reliable data are recorded, maintained, and fairly disclosed in reports. The current internal controls provide the Authority with a solid base of reliable financial records from which the financial statements are prepared. These accounting controls ensure that accounting data are reliable and available to facilitate the preparation of financial statements on a timely basis. Inherent limitations should be recognized in considering the potential effectiveness of any system of internal control. The concept of reasonable assurance is based on the recognition that the cost of a system of internal control should not exceed the benefits derived and that the evaluation of those factors requires estimates and judgment by management.

State laws require an annual audit of the financial records and transactions of the Authority by a firm of independent licensed certified public accountants. The Board appoints an audit committee of three Board members to comply with this requirement. The audit committee is to meet at least four times each year with the Chief Executive Officer, the Chief Financial Officer (who is appointed by the Chief Executive Officer), and the Authority's independent public auditors to review the financial condition, operations, performance, and management of the Authority. In addition, the Chief Executive Officer appoints an internal auditor to evaluate the Authority's internal accounting and administrative control system and conduct audits relating to the Authority's financial activities.

The Authority's financial statements have received an "unqualified opinion" from Plante & Moran, PLLC, the Authority's certified public accountants. An unqualified opinion is the best opinion that an organization can receive on its financial statements. It indicates that the auditor's examination has disclosed no conditions that cause them to believe that the financial statements are not fairly stated in all material respects.

An independent audit was also performed in accordance with the requirements of the Single Audit Act Amendments of 1996 (P.L. 104-156). The auditor's reports related specifically to the single audit are immediately following the CAFR in the Compliance Section.

A third audit was performed as required under Federal Aviation Regulation, Part 158 (Passenger Facility Charges). The auditor's reports related to the schedule of Passenger Facility Charges are immediately following the CAFR in the Compliance Section.

This CAFR was prepared to meet the needs of a broad spectrum of financial statement readers and is divided into the following major sections:

Introductory Section – In addition to serving as a transmittal letter, this section provides the reader an introduction to the CAFR and the Wayne County Airport Authority. The introductory section includes background information on the reporting entity, its operations and services, accounting systems and budgetary controls, overview of the local economic conditions, its long-term financial planning, and certain other pertinent information. It is complementary to financial and analytical data offered in management's discussion and analysis and the statistical section of the CAFR discussed below.

Financial Section – The independent auditor's report, management's discussion and analysis (see pages 3-11), financial statements, notes to the financial statements, and required supplementary information are included here. These are the Authority's basic financial statements and provide an overview of the Authority's financial position. Management's discussion and analysis (MD&A) immediately follows the independent auditors' report. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Statistical Section – The supplementary information presented in this section is designed to provide additional historical perspective, context, and detail to assist a reader to understand and assess the Authority's economic condition beyond what is provided in the financial statements and notes to the financial statements. The information contained in this section is prepared by the Authority and is not part of the independent auditor's report.

Continuing Disclosure Section – The continuing disclosure schedules reflect information in accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission and as set forth in the Continuing Disclosure Undertaking for issued debt. The information contained in this section is prepared by the Authority and is not part of the independent auditor's report.

Compliance Section – This section presents schedules and footnotes prepared to meet the requirements of the U.S. Office of Management & Budget Circular A-133 as well as Federal Aviation Administration requirements applicable to The Passenger Facility Charge Program and in accordance with 14 CFR Part 158.

REPORTING ENTITY BACKGROUND

The Authority is a political subdivision and instrumentality of the Charter County of Wayne, Michigan (the County), which owns the Detroit Metropolitan Wayne County Airport (the Airport) and Willow Run Airport (together, the Airports). Until August 9, 2002, the County operated the Airports. Pursuant to an amendment to the Aeronautics Code of the State of Michigan, known as the Public Airport Authority Act (the Authority Act), Public Act 90, Michigan Public Acts of 2002, effective March 26, 2002, the Authority has operational jurisdiction of the Airports, with the exclusive right, responsibility, and authority to occupy, operate, control, and use the Airports and the Airport Hotel.

Pursuant to the Authority Act, the Authority is liable for all of the obligations with respect to the Airports, with the exception of the County's pledge of its limited tax full faith and credit, subject to constitutional, statutory, and charter tax rate limitations associated with the Airport Hotel Revenue Bonds issued by the County.

The Authority is directed and governed by a Board consisting of seven members. The governor of the state appoints two members of the Board, one member is appointed by the legislative body of the County, and four members of the Board are appointed by the Chief Executive Officer of the County. The Board appoints the Chief Executive Officer of the Authority.

AUTHORITY OPERATIONS AND SERVICES

The Authority is self-supporting, using aircraft landing fees, fees from terminal and other rentals, and revenue from parking, concessions, and various additional sources to fund operating expenses. The Authority is not taxpayer-funded. The Capital Improvement Program (CIP) is funded by bonds issued by the Authority, federal and state grants, and passenger facility charges (PFCs).

Airport Use and Lease Agreement (the Agreement)

Revenues received by the Authority in accordance with the Master Airport Revenue Bond Ordinance (Master Bond Ordinance) are derived from rentals, fees, and charges imposed upon airlines operating at the Airport under agreements relating to their use of the Airport. The following airlines are parties to such agreements: Air France, AirTran Airways, American Airlines, Continental Airlines, Delta Air Lines, Federal Express, Mesaba Airlines, Pinnacle Airlines, Southwest Airlines, Spirit Airlines, United Airlines, United Parcel Service, and US Airways (collectively, the Signatory Airlines).

The Agreements with the Signatory Airlines permit the Authority to issue airport revenue bonds to finance the costs of capital projects and include the annual debt service requirements of, and other deposit requirements and coverage requirements for, such bonds in the calculation of rates and charges payable by the Signatory Airlines, only after first receiving approval of a Weighted Majority of the Signatory Airlines for such capital projects. An affirmative Weighted Majority vote requires, in the aggregate, Signatory Airlines which landed 85% or more of the landed weight of all Signatory Airlines for the preceding 12-month period for which records are available, or all Signatory Airlines in number but one regardless of landed weight.

The Airline Industry

In the aftermath of the events of September 2001, the industry saw a downturn in demand for air travel. The result was five years of reported industry operating losses, totaling more than $28 billion (excluding extraordinary events). The airline industry finally gained ground in 2007 with virtually every U.S. airline posting profits. However, in 2008 and through the first half of 2009, the combination of record high fuel prices, weakening economic conditions, and a weak dollar resulted in the worst financial environment for U.S. airlines since the September 11th terrorist attacks. In response, most airlines announced significant capacity reductions, increased fuel surcharges, increased fares and fees, and adopted other measures to address the financial challenges. Whereas the capacity reductions following the events of September 11th were the direct result of terrorist threats targeting the travelling public, the industry reductions starting in late 2008 and continuing through the first half of 2009 were primarily driven by significant increases in fuel costs over a span of two and a half years, a weak dollar exacerbating the impact of stressed fuel costs, and the contraction of the U.S. economy. After two years of losses in calendar years 2008 and 2009, the airline industry reported profits in 2010 and the International Air Transport Association (IATA) is predicting a $6.9 billion profit for the global industry in 2011. Generally, as the airline industry strengthens financially, its ability to provide service increases which should produce growth in air travel activity.

Airport Activity

The Airport ended fiscal year 2011 with a 2.2 percent increase in enplaned passengers, a 0.3 percent increase in operations, an 11.6 percent increase in cargo handled, and a 3.8 percent increase in landed weights when compared to the prior fiscal year. The Airport's activities for the years ended September 30, 2011 and 2010 were as follows:

	2011	**2010**	**% Change**
Enplanements	16,226,201	15,876,381	2.2%
Aircraft Operations	447,045	445,500	0.3%
Cargo (in metric tons)	206,345	184,934	11.6%
Landed Weights (in thousands, lbs.)	20,923,713	20,167,265	3.8%

The recovering demand for air travel is expected to continue and result in a moderate increase in Airport activity throughout the next fiscal year.

ACCOUNTING SYSTEM AND BUDGETARY CONTROLS

The Authority's Budget

Prior to the commencement of each fiscal year (currently October 1 to September 30), the Authority is required by the Master Bond Ordinance and Public Act 90 to prepare and adopt a budget. The budget contains an itemized statement of the estimated current operational expenses and the expenses for capital, including funds for the operation and development of the Airports under the jurisdiction of the Authority, and the amount necessary to pay the principal and interest of any outstanding bonds or other obligations of the Authority maturing during the ensuing fiscal year. The budget also contains an estimate of the revenues of the Authority from all sources for the next fiscal year.

Budgeting serves as an important management tool to plan, control, and evaluate the operations of the Authority. The Detroit Metropolitan Airport and Willow Run O&M budgets, and the Westin's budget are the Authority's annual financial plan for operating and maintaining the airports and hotel. These budgets must be sufficient to cover the operation and maintenance expenses of the airports, the debt service payable on bonds and other known financial requirements for the ensuing fiscal year. The Capital Improvement Program budget is the Authority's plan for the design and construction of major improvements and new facilities at the airports with a five-year horizon.

The Authority's basis of budgeting is on an accrual basis: revenues are recorded when earned, and expenses are recorded as incurred. The Authority's basis for budgeting is identical to the basis of accounting.

Budgetary control is required to ensure that expenditures do not exceed appropriations. The Authority maintains this control through the use of an encumbrance system. As purchase orders are issued, corresponding amounts of appropriations are reserved by the use of encumbrances to prevent overspending. Amendments to the budget are subject to approval by the Board in accordance with the terms contained in the Board resolution adopted with the budget. The independent monitoring of the budget continues throughout the fiscal year for management control purposes. Each month, Financial Planning & Analysis (FP&A) reviews and analyzes all revenue and expense accounts to compare actual to prior year actual and to budget. The findings are reported to the Board on the monthly management report.

AUTHORITY'S ECONOMIC CONDITION

Population

The United States Office of Management and Budget (OMB) defines the six counties of Lapeer, Livingston, Macomb, Oakland, St. Clair, and Wayne the Detroit-Warren-Livonia Metropolitan Statistical Area (MSA). Further, the larger OMB designated Detroit-Warren-Flint Combined Statistical Area (CSA) incorporates both the above MSA and the metropolitan areas of Flint, Ann Arbor, and Monroe. This area is defined based on commuting patterns and results in the nine-county labor market region of Metro Detroit with an estimated population of 5.2 million in 2010, *United States Census Bureau*.

Detroit Metropolitan Wayne County Airport serves the above area along with the Toledo, Ohio area, which is located approximately 47 miles south of the airport, and the city of Windsor, Ontario in nearby Canada. The Total Air Trade Area incorporates these regions along with the Primary Air Trade Area of Metro Detroit. Nearby to the Airport is the smaller non-commercial airport Willow Run which serves freight, corporate, and general aviation clients.

The Airport is the primary air carrier airport serving the Detroit Metropolitan area (the 18th most populous city in the United States in 2010). In calendar year 2010, Detroit Metropolitan Airport (the Airport) ranked 16th nationwide in total passengers, enplaning and deplaning approximately 32 million passengers. The Airport ranked 10th nationwide in terms of total aircraft operations, with approximately 453 thousand takeoffs and landings.

Economy

The demand for air transportation is, to a large degree, dependent upon the demographic and economic characteristics of the geographical area served by an airport (i.e., the Air Trade Area). Despite the recent restructuring of the "Big 3" United States automakers, the Air Trade Area continues to be a global leader in the automotive industry, including advanced battery research for alternative fuel vehicles, due to the large number of R&D facilities throughout the region. The Air Trade Area has a percentage of households in higher income categories (>$60,000) that is significantly greater than in Michigan and the

United States, and the Air Trade Area is home to 13 Fortune 500 companies. Eight of the Air Trade Area's Fortune 500 companies are part of the automotive industry. Consistently appearing near the top of the Fortune 500 rankings, Ford Motor is ranked tenth and General Motors is ranked eighth with approximately $129.0 billion and $135.6 billion in revenues, respectively, in 2010.

Michigan's unemployment rate in 2011 is 11.7 percent, which is an improvement from the annual unemployment rate of 13.5 percent for 2010. Although Michigan's unemployment rate has been higher than the national average over the past several years, the business climate in the region is improving. The Air Trade Area has been gaining recognition as one of the best places in the nation for new and expanded business according to the Detroit Regional Chamber. This optimistic assessment was echoed by an October 2010 article in Inc. magazine, entitled "Five Reasons to Start a Business in Detroit." In particular, the article noted the Air Trade Area's strong support network for new businesses and access to space and capital.

LONG-TERM FINANCIAL PLANNING

The Authority's long-term financial planning includes the completion of certain approved capital projects and the accumulation of sufficient resources required to service the debt issued to finance these projects, as well as to operate and maintain the Airports. Under the terms of the Agreement, fees and charges paid by the Airlines are used along with other income from the Airport to service the debt issued to finance the construction program.

The Authority covenants in the Master Bond Ordinance (the Ordinance) state that the Airport's net revenues plus other available monies as defined by the Ordinance are sufficient to provide debt service coverage of 125% of the average annual debt service requirement on senior lien bonds. This coverage ratio for the year ended September 30, 2011 was in excess of the requirements at 160% of senior lien debt service and 148% of total debt service.

Capital Improvement Program

The Authority maintains an ongoing Capital Improvement Program (CIP) for the Airport system to expand, modernize, and maintain the Airports. In addition to renovations and modernization of certain existing facilities, the CIP includes construction of the principal elements of the Master Plan for each Airport. The master plans establish the framework for the CIP that is necessary for the development of the Airports.

The Authority's CIP represents current expectations of future capital needs. The current five-year plan for 2012-2016 includes planned funding of approximately $548 million and $155 million for Detroit Metropolitan and Willow Run Airports, respectively.

The Authority's funding sources for the CIP are airport revenue bonds, Passenger Facility Charges (PFCs), grants and Authority discretionary funds. Given the multiple funding sources that comprise this plan, board approval of the CIP does not imply that the source of funding has been determined. A detailed review of the CIP is published annually in December as part of Financial Planning & Analysis' Approved Budget Document.

Airport Improvement Program

Since 1986, the Authority has participated in the Airport Improvement Program (AIP), the federal government's airport grant program. The AIP provides funding for airport development, airport planning, and noise compatibility programs from the Airport and Airway Trust Fund. The AIP also provides both entitlement and discretionary grants for eligible projects. The Authority also receives grants from the State of Michigan.

Passenger Facility Charges

In 1990, Congress approved the Aviation Safety and Capacity Expansion Act, which authorized domestic airports to impose a PFC on enplaning passengers. In May 1991, the FAA issued the regulations for the use and reporting of PFCs. PFCs may be used for airport projects which meet at least one of the following criteria: preserve or enhance safety, security, or capacity of the national air transportation system; reduce noise or mitigate noise impacts resulting from an airport; or furnish opportunities for enhanced competition between or among carriers.

Since 1992, the FAA has approved six PFC applications and amendments submitted by the Airport. The Authority is currently authorized to impose and use a PFC of $4.50 per enplaned passenger up to $3.2 billion, which includes amounts for the payment of principal, interest, and other financing costs on bonds for which the proceeds are used to pay PFC-eligible costs on approved projects.

As of September 30, 2011, the Airport had received approximately $1.06 billion of PFC revenue, which includes interest earnings of approximately $73.2 million. The Airport had expended approximately $1.03 billion on approved projects. The current PFC expiration date is estimated at August 1, 2034.

OTHER INFORMATION

Awards and Achievement

The GFOA awarded the Authority a Certificate of Achievement for Excellence in Financial Reporting for its CAFR for the year ended September 30, 2010. This was the eighth consecutive year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and are submitting this 2011 CAFR to the GFOA for consideration.

The Authority's budget process has also been recognized by the GFOA and received their Award for Distinguished Budget Presentation for fiscal years 2005 to 2011. In order to receive this award, the entity must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device. The fiscal year 2012 Approved Budget document was issued to the GFOA for consideration and to Board Members in December 2011.

Acknowledgments

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staffs of the Controllers' Office and Financial Planning & Analysis. We would like to express our appreciation to all members of these divisions.

This report also could not have been possible without the leadership and support of the governing body of the Authority's Board.

Respectfully submitted,

Thomas J. Naughton	Terrence P. Teifer
Interim Chief Executive Officer	*Interim Chief Financial Officer & Treasurer*

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Wayne County Airport Authority
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2010

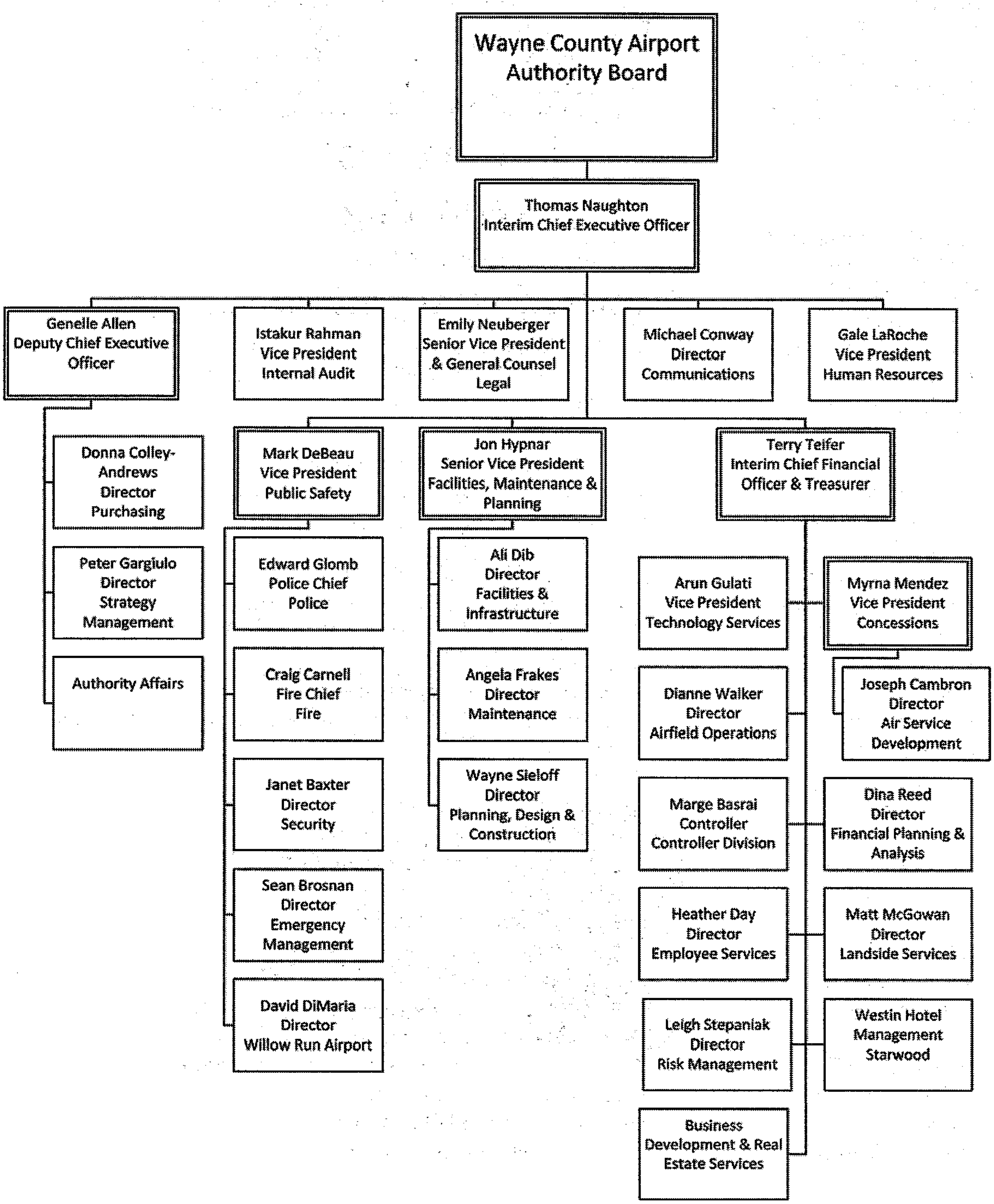
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

WAYNE COUNTY AIRPORT AUTHORITY
ORGANIZATIONAL CHART



LIST OF PRINCIPAL OFFICIALS

Authority Board	**Position**	**Term Expires**
Mary L. Zuckerman	Chairperson	October 2014
Samuel A. Nouhan	Vice Chairperson	October 2014
Suzanne K. Hall	Secretary	October 2016
Bernard F. Parker, Jr.	Board Member	October 2012
Charlie J. Williams	Board Member	October 2012
Alfred R. Glancy, III	Board Member	October 2014
Michael J. Jackson, Sr.	Board Member	October 2017

Airport Management	**Position**
Thomas J. Naughton	Interim Chief Executive Officer
Genelle M. Allen	Deputy Chief Executive Officer
Jon Hypnar	Sr. Vice President – Facilities, Maintenance and Planning
Emily K. Neuberger	Sr. Vice President and General Counsel
Terrence P. Teifer	Interim Chief Financial Officer & Treasurer
Mark L. DeBeau	Vice President – Public Safety
Arun Gulati	Vice President – Technology Services
Gale L. LaRoche	Vice President – Human Resources
Myrna Mendez	Vice President – Concessions and Quality Services
Mary Lou K. Posa	Vice President and Associate General Counsel
Istakur Rahman	Vice President – Internal Audit
Stephen Albright	Director of Technology Services
Donna Colley-Andrews	Director of Procurement
Margaret Basrai	Controller
Janet Baxter	Director of Security
Sean Brosnan	Director of Emergency Management
Joseph Cambron	Director of Aviation Services and Air Service Development
Craig Carnell	Fire Chief
Michael Conway	Director of Communications
Heather Day	Director of Employee Services
Ali Dib	Director of Facilities & Infrastructure
David DiMaria	Director of Willow Run Airport
Angela Frakes	Director of Maintenance
Peter Gargiulo	Director of Strategy Management
Edward Glomb	Police Chief
Matt McGowan	Director of Landside Services
Lynda Racey	Director of Labor and Employee Compliance
Dina Reed	Director of Financial Planning & Analysis
Wayne Sieloff	Director of Planning, Design, and Construction
Leigh Stepaniak	Director of Risk Management
Dianne Walker	Director of Airfield Operations
Rosalind Wallace	Director of Human Resources

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Independent Auditor's Report

To the Board of Directors
Wayne County Airport Authority

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of Wayne County Airport Authority (the "Authority"), a component unit of the Charter County of Wayne, Michigan, as of and for the year ended September 30, 2011, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Authority as of September 30, 2011 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and required supplementary information, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

To the Board of Directors
Wayne County Airport Authority

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying introductory section, statistical section, and continuing disclosure section, as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The introductory section, statistical section, and continuing disclosure section have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Plante & Moran, PLLC

January 20, 2012

WAYNE COUNTY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2011

The following discussion and analysis provides an overview of the financial performance and activities of the Wayne County Airport Authority (the "Authority") for the year ended September 30, 2011, with selected comparative information for the year ended September 30, 2010. This discussion and analysis has been prepared by the Authority's management and should be read in conjunction with the basic financial statements and notes thereto, which follow this section.

The Authority is a business-type entity and, as such, the basic financial statements consist of three statements and notes to the basic financial statements. The three basic statements are: (a) Statement of Net Assets, which presents the assets, liabilities, and net assets of the Authority as of the end of the fiscal year; (b) Statement of Revenues, Expenses, and Changes in Net Assets, which reflects revenues and expenses recognized during the fiscal year; and (c) Statement of Cash Flows, which provides information on all the cash inflows and outflows for the Authority by major category during the fiscal year. Beginning in 2008, the Authority included a Postemployment Health Benefits Trust Fund (Fiduciary Fund) to account for the postemployment healthcare payments to qualified employees.

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S.) as promulgated by Governmental Accounting Standards Board (GASB) principles.

The financial statements include the operations of Detroit Metropolitan Wayne County Airport (the Airport), Willow Run Airport, and the Airport Hotel. The Authority is considered a discretely presented component unit of the Charter County of Wayne, Michigan as defined by the GASB.

THE AIRPORT FUNDING METHODOLOGY

Funding for the Airport operations is predicated upon the stipulations in the Airport Use and Lease Agreements between the Authority and the Airlines. The Airport Use and Lease Agreements set the terms of the business relationship between the Authority and the Airlines. Key terms in the Use and Lease Agreements include rental rates, activity fee methodology, utilities, etc. Once an airline signs a Use and Lease Agreement, they are designated a "Signatory Airline." The Use and Lease Agreements also determine the budget and financing (activity fee) methodology that the Authority and Airlines agree to follow. Airport budget methodologies throughout the United States are usually characterized as either compensatory or residual, although some airports have a hybrid methodology that combines both features.

The Airport operates under a residual methodology. The methodology places additional risk to the Signatory Airlines, as these Airlines guarantee the net cost of operating the entire Airport. This obligation includes operating expenses and all debt service requirements of the Airport. If the Airport incurs a deficit in a particular year, it has the ability to increase rates to the Signatory Airlines up to the amount of the deficit. Conversely, if the Airport realizes a surplus, the Airport must refund the surplus to the Signatory Airlines.

The residual methodology agreed upon by the Signatory Airlines and the Authority creates a funding mechanism that is not congruent with financial statement reporting standards. Although the Signatory Airlines are required to fund any deficit of the Airport, this deficit is not equivalent to "Operating Loss" or any other designation on the financial statements. Since the Airport utilizes the residual methodology, all annual operating costs and debt service requirements of the Airport have been funded.

FINANCIAL HIGHLIGHTS

Operating revenues increased by $14.0 million (4.7%) compared to 2010. Airport non-airline increased by $11.7 million (7.9%) compared to 2010 and outperformed budgeted non-airline revenue by $8.9 million (7.6%). The increases in non-airline revenues are attributable largely to increases in parking and car rental revenues, resulting in part from the number of enplaned passengers, a major driver of non-airline revenues. Enplaned passengers were 2.2% higher than 2010. Additionally, in the summer of 2010, the Authority reversed the previous year's rate increase for parking at the Big Blue Deck parking garage, offering a premium option for parking in a covered structure for $10 per day, as part of a new parking plan. The plan's focus has been on increasing market share and length of stay at on-airport parking locations. The second action as part of the new parking plan was the re-opening of the Green Lot, a surface lot offering an economy-targeted parking option, at the rate of $8 per day. The Green Lot was opened in fall 2010, in advance of the fall and winter holidays. Public response to the decreased parking rates has been positive and has exceeded initial program expectations.

Although 2011 operating expenses increased compared to 2010 by 1.3 percent, the Airport completed the year with a favorable 0.6 percent variance compared to the 2011 expense budget. The increases are due to an implementation of a five-year program to address critical capital asset maintenance and replacement needs. Total costs associated with the capital asset maintenance and replacement program for 2011 were approximately $15 million, $6 million of which was funded outside of the Authority's O&M budget (i.e., not charged to the airlines). The remaining $9 million of costs are included in the O&M budget. The additional expenses are partially offset by reductions in utilities expenses and buildings and grounds maintenance.

Statement of Net Assets

The statement of net assets includes all assets and liabilities and net assets resulting from the difference between total assets and total liabilities. Assets and liabilities are generally measured using current values. One exception is capital assets, which are stated at historical cost less an allowance for depreciation. The condensed summary of the Authority's net assets as of September 30, 2011 and 2010 is:

	2011 (000's)	2010 (000's)
ASSETS:		
Current unrestricted assets	$ 125,520	$ 132,286
Restricted assets	403,628	460,274
Capital assets (net)	2,169,214	2,273,934
Other assets	23,795	27,530
Total assets	2,722,157	2,894,024
LIABILITIES:		
Current liabilities	77,321	95,971
Liabilities payable from restricted assets	99,703	105,599
Long-term liabilities	2,079,652	2,167,422
Total liabilities	2,256,676	2,368,992
NET ASSETS:		
Investment in capital assets, net of related debt	86,907	120,302
Restricted	322,488	358,386
Unrestricted	56,086	46,344
TOTAL NET ASSETS	$ 465,481	$ 525,032

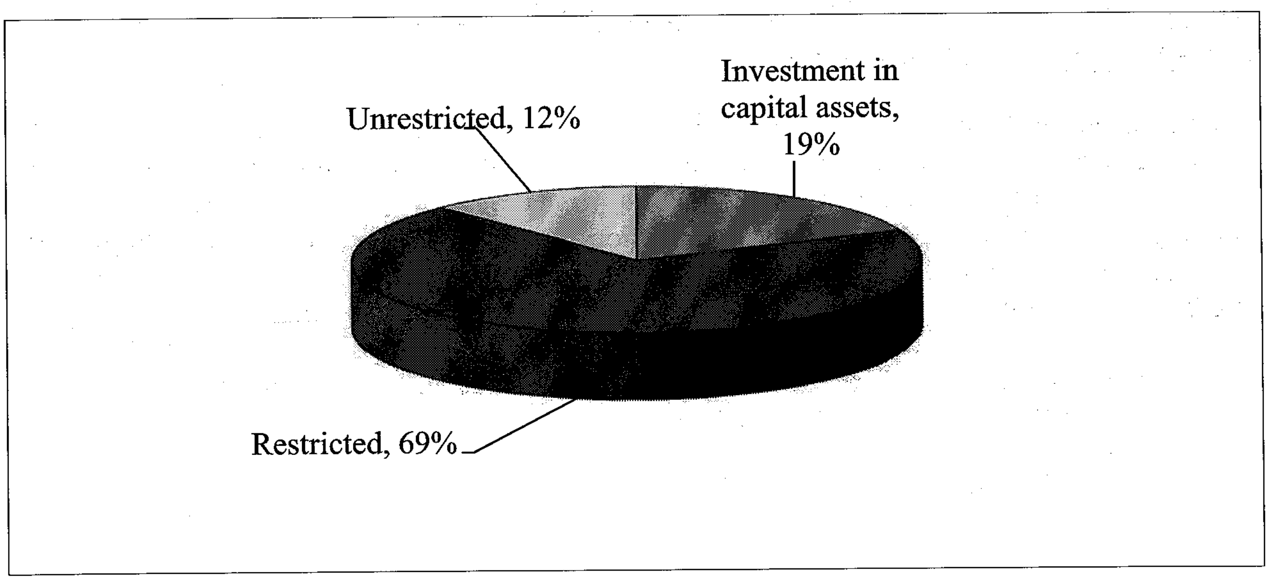
Current assets consist mainly of cash and investments, accounts receivable, and amounts due from other governmental units. Restricted assets consist of cash and investments and accounts receivable. All cash and investments of the Authority are invested according to legal requirements established by the legislature of the State of Michigan. In accordance with State law, investments are restricted to various U.S. government securities, certificates of deposit, commercial paper, and repurchase agreements. Other assets consist primarily of bond issuance cost, net of related amortization.

In accordance with the terms of applicable ordinances, the Authority is required to restrict assets for various purposes. Net assets have been reserved related to certain restricted assets. Assets have been restricted for operations and maintenance, replacement and improvements, construction, bond and interest redemption, passenger facility charges, and drug enforcement.

Current liabilities consist mainly of accounts payable, payroll-related liabilities, self-insurance liabilities, accrued vacation and sick time, retainage, security, and performance deposits.

Net assets decreased by $59.6 million in the fiscal year ended September 30, 2011. In 2010, the Authority increased the beginning net asset balance by $51 million by implementing GASB 51 which offset the change in net assets from the current year activity. Increases in operating revenue and federal grant income helped offset the decrease in interest income.

The chart below illustrates a breakdown of total net assets as of September 30, 2011:



Approximately 69 percent of the Airport's 2011 net assets are restricted for future debt service, capital construction and replacement, bond and interest redemption, and passenger facility charges, subject to federal regulations. Amounts invested in capital assets, net of related debt, account for approximately 19 percent of total net assets and represent land, intangible assets, buildings, improvements, and equipment, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. The remaining net assets include unrestricted net assets of $56.1 million, which may be used to meet any of the Authority's ongoing operations. Unrestricted net assets increased 21 percent as of fiscal year end 2011.

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

The Authority is authorized to issue airport revenue bonds to finance the cost of capital projects and include the debt service on such bonds in the fees and charges of the Signatory Airlines only after receiving approval of a Weighted Majority for such capital projects. In December 2010, the Authority issued $722.7 million in Airport Revenue Refunding Bonds and issued a $116 million Direct Placement Bond. As of September 30, 2011, the Authority had approximately $2.1 billion in outstanding bonded and other debt, both senior and subordinate, paying fixed and variable rates. The total annual debt service (principal and interest) was approximately $162 million in 2011 and long-term debt amounting to $71 million was paid off during the year. More detailed information on capital assets and long-term debt activity can be found in Notes 6 and 7 included in the Notes to Basic Financial Statements section of this report.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

The Statement of Revenues, Expenses, and Changes in Net Assets presents the operating results of the Authority, as well as the nonoperating revenues and expenses. Operating revenues include both airline and non-airline revenues and consist primarily of landing and related fees, terminal building rental and fees, parking fees, concession fees, car rental, and hotel revenues. Non-operating revenues consist primarily of passenger facility charges, federal and state grants, and interest income. Interest expense is the most significant nonoperating expense.

A summarized comparison of the Authority's revenues, expenses, and changes in net assets for the years ended September 30, 2011 and 2010 follows:

WAYNE COUNTY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

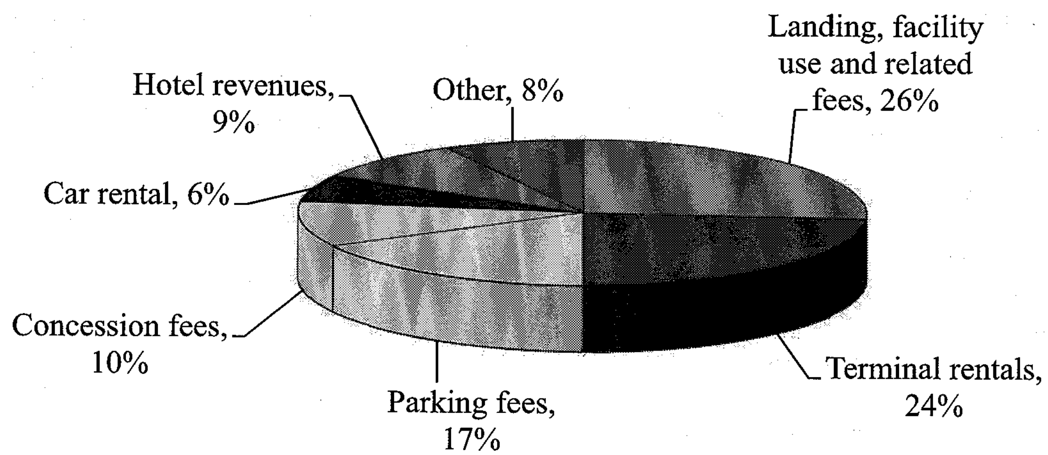
September 30, 2011

	2011 (000's)	2010 (000's)
Operating revenues:		
Airline revenues:		
Airport landing and related fees	$ 69,100	$ 70,172
Terminal building rentals and fees	74,348	71,853
Facility use fees	7,144	6,302
Non-airline revenues:		
Parking fees	54,145	48,309
Concession fees	31,592	30,702
Car rental	18,984	17,273
Hotel	29,373	26,829
Other	26,374	25,657
Total operating revenues	311,060	297,097
Operating expenses:		
Salaries, wages, and fringe benefits	71,489	70,061
Parking management	6,794	6,505
Hotel management	22,644	20,033
Depreciation	142,754	146,151
Professional and contractual services	20,765	15,222
Utilities	24,886	26,692
Building, ground, equipment maintenance	36,348	37,704
Other	36,144	34,971
Total operating expenses	361,824	357,339
Operating loss	(50,764)	(60,242)
Nonoperating revenues (expense):		
Passenger facility charges	62,198	60,306
Other nonoperating revenues	4,604	6,207
Interest expense	(91,549)	(105,914)
Other nonoperating expenses	(1,791)	(2,082)
Net nonoperating expenses	(26,538)	(41,483)
Net loss before capital contribution	(77,302)	(101,725)
Capital Contribution	17,751	29,137
Change in net assets	(59,551)	(72,588)
Net assets, beginning of the year *	525,032	597,620
Net assets, end of the year	$ 465,481	$ 525,032

* 2010 beginning balance restated for implementation of GASB 51

Operating Revenues:

The chart below illustrates the sources of total operating revenue for the year ended September 30, 2011:



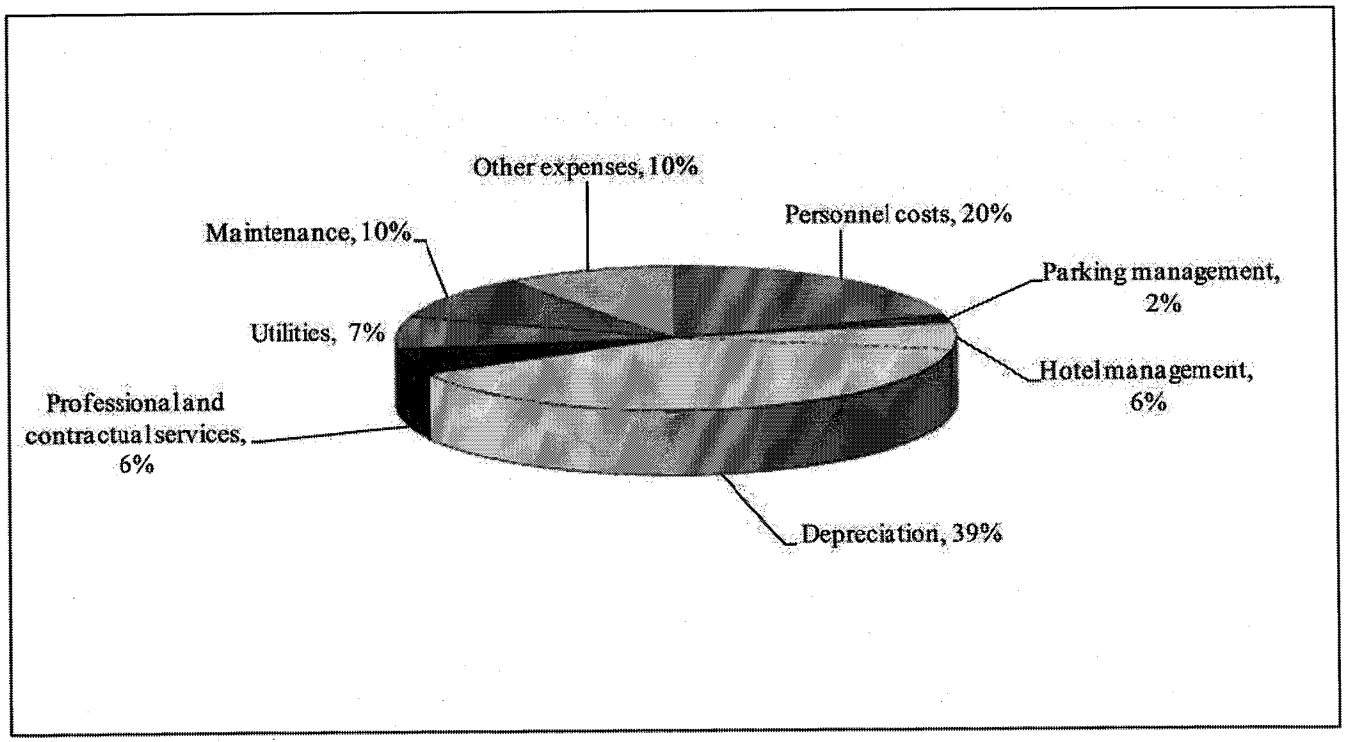
Operating revenues for the Authority increased 4.7 percent to $311 million in 2011 from $297 million in 2010.

Airline Revenues, one of three major categories of Operating Revenues, includes revenues collected from the airlines. The chart above references terminal rentals, landing, facility use and related fees, which are all part of Airline Revenues. Airline Revenues increased 1.5 percent to $151 million in 2011 from $148 million in 2010. Terminal rental fees increased 3.5 percent to $74 million in 2011 from $72 million in 2010. The terminal rental revenues remain 24 percent of total operating revenue in 2011. Landing fee revenues decreased 1.5 percent in 2011 to $69 million from $70 million in 2010. The change in landing rate is a 5 percent decrease over the prior year, with a final Signatory rate of $3.26 per 1,000 pounds landed weight. Another aspect of Airline Revenues is facility use fee revenues, which are driven by international deplaned passengers. International deplanements increased 11 percent in 2011, driving international facility use fee revenue up by 13 percent. The overall increase in Airline Revenues is driven by budgeted increases in operating expenses.

Non-Airline Revenues, another major category of Operating Revenues, includes revenue received that is not collected from airlines. The chart above references parking fees, concession fees, car rentals and other, which are all part of Non-Airline Revenues. In 2011, the Airport outperformed 2010 in terms of passenger traffic, driving even greater performance in non-airline revenue growth. Enplaned passengers increased in 2011 by 2.2 percent compared to 2010. Total non-airline operating revenues increased by 7.9 percent to $160 million compared to $149 million in 2010, due to increases in passenger related revenues such as parking and car rental, which increased $5.8 million and $1.7 million, respectively, as well as an increase in Hotel revenue of $2.5 million.

Operating Expenses:

The chart below illustrates the components of total operating expenses for the year ended September 30, 2011:



Operating expenses for the Authority remained consistent as compared to 2010. Primary areas of operating expense reductions were in the areas of depreciation, utilities, buildings and grounds maintenance and equipment repair and maintenance. Utilities costs were lower than 2010 due to a combination of savings in rates (commodity prices) and reduced consumption. Maintenance costs in 2011 decreased due to a $5.4 million one-time expense charged for certain improvements for Americans with Disabilities Act (ADA) compliance in fiscal year 2010.

Offsets to the reductions in expense were increases in professional and contractual services and hotel management. As described in the financial highlights section, increased expenses related to the capital asset maintenance and replacement program were realized for the first time in 2011, which affects several categories including buildings and grounds and professional and contractual services. Additional increased costs for professional and contractual services are due to cost increases related to a new snow removal contract and a substantial number of snow and ice events during the 2010-2011 snow season. Hotel management expenses increased in 2011; however, the revenue generated during the year outperformed the increased expenses.

Nonoperating Revenues and Expenses and Contributed Capital:

Total nonoperating activities lead to a net Nonoperating Expense of $26.5 million in 2011. A 34.4 percent decrease in interest income was driven by economic conditions during 2011. Interest expense decreased 13.6 percent in 2011 due partially to economic conditions and partially due to the savings realized as a result of bonds that were refunded in December 2010.

Revenue generated from state and federal operating grants increased for the first time in four years. Capital contributions decreased 39.1 percent over the prior year to $17.8 million as the federal government is limiting discretionary grants and award levels.

WAYNE COUNTY AIRPORT AUTHORITY

Statement of Net Assets

September 30, 2011

	Detroit Metropolitan Airport Fund	Willow Run Airport Fund	Airport Hotel Fund	Total
Assets:				
Current assets:				
Unrestricted current assets:				
Cash and investments (note 4)	$ 94,916,506	$ 3,455,737	$ 1,739,006	$ 100,111,249
Accounts receivable, less allowance (note 2)	9,363,700	357,536	1,032,448	10,753,684
Due from other governmental units	12,349,217	474,011	—	12,823,228
Due from other funds	152,369	—	—	152,369
Prepaids and deposits	1,100,675	364,963	213,412	1,679,050
Total current assets	117,882,467	4,652,247	2,984,866	125,519,580
Restricted assets (notes 4 and 5):				
Cash and investments	378,846,492	—	14,564,082	393,410,574
Accounts receivable	10,216,157	—	1,499	10,217,656
Total restricted assets	389,062,649	—	14,565,581	403,628,230
Capital assets (note 6):				
Land and nondepreciable assets	226,569,280	15,926,984	—	242,496,264
Buildings and improvements	1,972,413,546	9,770,038	92,794,713	2,074,978,297
Equipment	64,393,932	6,259,023	686,025	71,338,980
Infrastructure	1,200,014,537	111,348,667	—	1,311,363,204
Construction in progress	34,663,893	531,511	—	35,195,404
Total capital assets	3,498,055,188	143,836,223	93,480,738	3,735,372,149
Less accumulated depreciation	1,428,472,590	93,519,863	44,165,216	1,566,157,669
Net capital assets	2,069,582,598	50,316,360	49,315,522	2,169,214,480
Other assets:				
Bond issuance cost, less amortization (note 2)	18,030,476	—	3,995,675	22,026,151
Net OPEB asset (note 10)	1,768,486	—	—	1,768,486
Total other assets	19,798,962	—	3,995,675	23,794,637
Total assets	$ 2,596,326,676	$ 54,968,607	$ 70,861,644	$ 2,722,156,927

See accompanying notes to basic financial statements.

(Continued)

WAYNE COUNTY AIRPORT AUTHORITY

Statement of Net Assets

September 30, 2011

	Detroit Metropolitan Airport Fund	Willow Run Airport Fund	Airport Hotel Fund	Total
Liabilities:				
Current liabilities:				
Payable from current assets:				
Accounts payable	$ 26,704,182	$ 339,085	$ 1,878,898	$ 28,922,165
Accrued wages and benefits	2,616,138	36,765	—	2,652,903
Due to primary government	248,787	—	—	248,787
Due to other governmental units	1,177,045	—	—	1,177,045
Due to other funds	—	152,369	—	152,369
Deferred revenue	1,058,237	19,563	—	1,077,800
Accrued interest payable	—	—	105,000	105,000
Bonds payable and other debt (note 7)	—	19,476	439,308	458,784
Other accrued liabilities	41,852,000	673,775	—	42,525,775
Total current liabilities	73,656,389	1,241,033	2,423,206	77,320,628
Payable from restricted assets:				
Accrued interest payable	27,020,432	—	1,882,078	28,902,510
Bonds payable and other debt (note 7)	69,600,464	—	1,200,000	70,800,464
Total liabilities payable from restricted assets	96,620,896	—	3,082,078	99,702,974
Long-term liabilities:				
Other accrued liabilities (note 2)	8,162,756	927,750	2,414,643	11,505,149
Bonds payable and other debt, net (note 7)	1,957,944,974	549,889	109,652,481	2,068,147,344
Total long-term liabilities	1,966,107,730	1,477,639	112,067,124	2,079,652,493
Total liabilities	2,136,385,015	2,718,672	117,572,408	2,256,676,095
Net assets (deficit):				
Investment in capital assets, net of related debt	94,274,403	49,746,995	(57,114,812)	86,906,586
Restricted for:				
Capital assets	11,877,073	—	11,136,506	23,013,579
Debt service	264,531,139	—	1,546,997	266,078,136
Operations	31,652,280	—	—	31,652,280
Drug enforcement	1,744,482	—	—	1,744,482
Unrestricted (deficit)	55,862,284	2,502,940	(2,279,455)	56,085,769
Total net assets (deficit)	$ 459,941,661	$ 52,249,935	$ (46,710,764)	$ 465,480,832

WAYNE COUNTY AIRPORT AUTHORITY

Statement of Revenues, Expenses, and Changes in Net Assets

Year ended September 30, 2011

	Detroit Metropolitan Airport Fund	Willow Run Airport Fund	Airport Hotel Fund	Total
Operating revenues:				
Airline revenues:				
Airport landing and related fees	$ 68,473,270	$ 626,308	$ —	$ 69,099,578
Terminal building rentals and related fees	73,652,385	695,526	—	74,347,911
Facility use fees	6,638,180	505,553	—	7,143,733
Nonairline revenues:				
Parking fees	54,145,257	—	—	54,145,257
Concession fees	31,592,316	—	—	31,592,316
Car rental	18,983,532	—	—	18,983,532
Hotel	—	—	29,372,498	29,372,498
Employee shuttle bus	5,869,315	—	—	5,869,315
Ground transportation	4,944,291	—	—	4,944,291
Utility service fees	4,878,725	131,732	—	5,010,457
Rental facilities	2,761,312	1,383,339	—	4,144,651
Other	5,716,300	689,995	—	6,406,295
Total operating revenues	277,654,883	4,032,453	29,372,498	311,059,834
Operating expenses:				
Salaries, wages, and fringe benefits	70,218,197	1,270,819	—	71,489,016
Parking management	6,794,062	—	—	6,794,062
Hotel management	3,500	—	22,640,620	22,644,120
Shuttle bus services	8,750,426	—	—	8,750,426
Janitorial services	11,143,148	21,468	—	11,164,616
Security	2,401,473	—	—	2,401,473
Professional and other contractual services	19,429,702	1,335,010	—	20,764,712
Utilities	24,145,342	740,762	—	24,886,104
Buildings and grounds maintenance	18,141,202	739,065	—	18,880,267
Equipment repair and maintenance	17,217,523	250,656	—	17,468,179
Materials and supplies	6,479,101	109,662	—	6,588,763
Insurance	2,293,599	34,928	—	2,328,527
Other	4,454,963	454,153	—	4,909,116
Depreciation	134,659,744	2,848,181	5,246,511	142,754,436
Total operating expenses	326,131,982	7,804,704	27,887,131	361,823,817
Operating income (loss)	(48,477,099)	(3,772,251)	1,485,367	(50,763,983)
Nonoperating revenues (expenses):				
Passenger facility charges	62,197,495	—	—	62,197,495
Federal and state grants	1,184,593	141,441	—	1,326,034
Net insurance recovery	37,200	—	—	37,200
Interest income	3,190,959	12,741	37,409	3,241,109
Interest expense	(85,321,746)	(37,186)	(6,190,112)	(91,549,044)
Gain (loss) on disposal of assets	112,163	1,800	(2,058)	111,905
Amortization of bond issuance costs	(1,583,286)	—	(319,666)	(1,902,952)
Total nonoperating revenues (expenses)	(20,182,622)	118,796	(6,474,427)	(26,538,253)
Net loss before capital contributions and transfers	(68,659,721)	(3,653,455)	(4,989,060)	(77,302,236)
Capital contributions	15,875,138	1,875,533	—	17,750,671
Transfers in (out)	(1,252,147)	1,252,147	—	—
Changes in net assets	(54,036,730)	(525,775)	(4,989,060)	(59,551,565)
Net assets (deficit) – Beginning of year	513,978,391	52,775,710	(41,721,704)	525,032,397
Net assets (deficit) – End of year	$ 459,941,661	$ 52,249,935	$ (46,710,764)	$ 465,480,832

See accompanying notes to basic financial statements.

WAYNE COUNTY AIRPORT AUTHORITY

Statement of Cash Flows

Year ended September 30, 2011

	Detroit Metropolitan Airport Fund	Willow Run Airport Fund	Airport Hotel Fund	Total
Cash flows from operating activities:				
Receipts from customers and users	$ 278,476,300	$ 3,895,965	$ 29,477,376	$ 311,849,641
Payments to suppliers	(116,297,421)	(3,343,252)	(20,608,647)	(140,249,320)
Payments to employees	(68,611,233)	(1,272,049)	—	(69,883,282)
Payments to Wayne County for services provided	(992,784)	(287)	—	(993,071)
Payments from Wayne County for services providec	2,129	—	—	2,129
Payments (to) from other funds for services provided	1,527,896	(1,527,896)	—	—
Advances (to) from other funds for services providec	(1,857,795)	1,857,795	—	—
Return of customer deposits	(6,739,192)	(55,572)	—	(6,794,764)
Collection of customer deposits	1,155,746	79,547	—	1,235,293
Net cash provided by (used in) operating activities	86,663,646	(365,749)	8,868,729	95,166,626
Cash flows from noncapital financing activities:				
Passenger facility charges received	2,191,629	—	—	2,191,629
Transfers (to) from other funds	(462,743)	462,743	—	—
Grants from federal/state government	638,473	161,133	—	799,606
Net cash provided by noncapital financing activities	2,367,359	623,876	—	2,991,235
Cash flows from capital and related financing activities:				
Capital contributions received	17,451,908	414,819	—	17,866,727
Passenger facility charges received	60,567,200	—	—	60,567,200
Transfers (to) from other funds	(789,404)	789,404	—	—
Proceeds from capital debt	1,738,781	—	—	1,738,781
Principal paid on capital debt	(70,063,902)	(22,514)	(1,385,640)	(71,472,056)
Issuance costs paid on new bond issues	(3,779,390)	—	—	(3,779,390)
Insurance proceeds received from damage to capital asset:	37,200	—	—	37,200
Acquisition and construction of capital assets	(53,045,643)	(2,350,402)	(179,353)	(55,575,398)
Proceeds from disposal of capital assets	160,925	1,800	—	162,725
Interest paid on capital debt	(103,476,166)	(37,186)	(6,083,078)	(109,596,430)
Net cash used in capital and related financing activities	(151,198,491)	(1,204,079)	(7,648,071)	(160,050,641)
Cash flows from investing activities:				
Interest and dividends received	3,130,315	12,741	41,606	3,184,662
Purchases of investments	(263,967,120)	—	(12,648,000)	(276,615,120)
Maturities of investments	263,817,884	—	13,550,000	277,367,884
Net cash provided by investing activities	2,981,079	12,741	943,606	3,937,426
Net (decrease) increase in cash and cash equivalents	(59,186,407)	(933,211)	2,164,264	(57,955,354)
Cash and cash equivalents – Beginning of year	422,393,402	4,388,948	13,995,824	440,778,174
Cash and cash equivalents – End of year	$ 363,206,995	$ 3,455,737	$ 16,160,088	$ 382,822,820

(Continued)

WAYNE COUNTY AIRPORT AUTHORITY

Statement of Cash Flows

Year ended September 30, 2011

	Detroit Metropolitan Airport Fund	Willow Run Airport Fund	Airport Hotel Fund	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	$ (48,477,099)	$ (3,772,251)	$ 1,485,367	$ (50,763,983)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation expense	134,659,744	2,848,181	5,246,511	142,754,436
Decrease (increase) in accounts receivable	324,526	(167,417)	110,878	267,987
Increase (decrease) in due from/to other funds	(329,899)	329,899	—	—
(Increase) decrease in prepaids/deposits	9,732	(1,837)	450,947	458,842
Decrease in net OPEB asset	153,357	—	—	153,357
Increase in accounts payable	4,742,123	238,532	1,143,271	6,123,926
Increase in accrued wages and benefits	814,051	141	—	814,192
Increase in due to primary government	16,722	—	—	16,722
Increase (decrease) in deferred revenue	(4,831,424)	7,399	—	(4,824,025)
Increase in due to other governmental units	122,489	—	—	122,489
Increase (decrease) in other accrued liabilities	(540,676)	151,604	431,755	42,683
Total adjustments	135,140,745	3,406,502	7,383,362	145,930,609
Net cash provided by (used in) operating activities	$ 86,663,646	$ (365,749)	$ 8,868,729	$ 95,166,626
Cash and investments at September 30, 2011 consist of:				
Cash and cash equivalents	$ 363,206,995	$ 3,455,737	$ 16,160,088	$ 382,822,820
Investments	110,556,003	—	143,000	110,699,003
Total cash and investments	$ 473,762,998	$ 3,455,737	$ 16,303,088	$ 493,521,823

Noncash capital and related financial activities:

- $2.6 million of Detroit Metropolitan Airport capital assets acquired through contributions from customers.
- The issuance of refunding bonds in Detroit Metropolitan Airport resulted in several noncash activities. The major components are as follows: $838.7 million of principal additions offset by $866.1 million of principal reductions; $20.6 million of bond premium additions; additional deferred refunding charges of $30.8 million offset by $18.4 million of write-offs; bond discount and issuance cost write-offs of $4.5 million and $4.2 million, respectively.
- Interest expense of approximately $1.2 million was capitalized into Detroit Metropolitan Airport capital assets during 2011.
- As a result of the termination of the debt swap agreements in December 2011, $1.2 million of assets and liabilities were eliminated in Detroit Metropolitan Airport.

See accompanying notes to basic financial statements.

WAYNE COUNTY AIRPORT AUTHORITY

Statement of Fiduciary Net Assets

September 30, 2011

		Postemployment Health Benefits Trust Fund
Assets:		
Cash and investments (note 4):		
Commercial paper	$	13,594,250
Money market funds		66,094
Interest receivable		3,732
Total assets	$	13,664,076
Net Assets:		
Held in trust for postemployment health benefits	$	13,664,076

See accompanying notes to basic financial statements.

WAYNE COUNTY AIRPORT AUTHORITY

Statement of Changes in Fiduciary Net Assets

Year Ended September 30, 2011

		Postemployment Health Benefits Trust Fund
Additions:		
Investment income:		
Interest	$	46,240
Retirement contributions:		
Employer		5,328,594
Total additions		5,374,834
Deductions:		
Health insurance payments		1,828,594
Trustee fees		250
Total deductions		1,828,844
Changes in net assets		3,545,990
Net assets - Beginning of year		10,118,086
Net assets - End of year	$	13,664,076

See accompanying notes to basic financial statements.

(1) The Reporting Entity

The Wayne County Airport Authority (the Authority) is an independent public benefit agency and considered an agency of the Charter County of Wayne, Michigan (the County) for the purposes of federal and state laws, but is not subject to any County charter requirements or the direction or control of either the Wayne County Executive or Commission. Pursuant to Public Act 90 (the Authority Act), Michigan Public Acts of 2002 (effective March 26, 2002), the Authority has operational jurisdiction of the Detroit Metropolitan Wayne County Airport (Metro Airport), the Willow Run Airport, and the Airport Hotel, with the exclusive right, responsibility, and authority to occupy, operate, control, and use them. The financial statements of the Authority include the operations of Metro Airport, the Willow Run Airport, and the Airport Hotel, and the Authority is included in the County's Comprehensive Annual Financial Report (CAFR) as a discretely presented component unit, in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity*.

The Authority is directed and governed by a board consisting of seven members. The governor of the state appoints two members of the board, one member is appointed by the legislative body of the County that owns Metro Airport, and four members of the board are appointed by the chief executive officer of the County.

Metro Airport has airport use contracts with 13 airlines. These airlines, along with their affiliates, constituted approximately 98 percent of total landed weight in 2011. Metro Airport has agreements with various concessionaires (parking, food service, rental car agencies, etc.) for which Metro Airport pays a management fee or receives a commission.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The Authority reports the following major funds:

Detroit Metropolitan Airport Fund – This fund is used to account for the operations and maintenance of the Detroit Metropolitan Wayne County Airport.

Willow Run Airport Fund – This fund is used to account for the operations and maintenance of the Willow Run Airport.

Airport Hotel Fund – This fund is used to account for the activity associated with the funding, furnishing, and operations of an airport hotel at the McNamara Terminal at the Detroit Metropolitan Wayne County Airport.

The Authority reports the following fiduciary fund type:

Postemployment Health Benefits Trust Fund – This fund is used to account for the postemployment healthcare payments to qualified employees.

(b) Basis of Accounting and Measurement Focus

The financial statements of the Authority are presented on the accrual basis of accounting and are accounted for on the flow-of-economic-resources measurement focus; revenues are recorded when earned, and expenses are recorded as incurred.

As allowed by GASB Statement No. 20, the Authority follows all GASB pronouncements and Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, except those that conflict with GASB pronouncements. The Authority has the option to apply FASB pronouncements issued after November 30, 1989, but has chosen not to do so.

(c) Cash and Investments

Cash resources of the individual funds of the Authority, except as specifically stated by ordinance, are pooled and invested. Interest on pooled investments is allocated monthly among the respective funds based on average investment balances. Interest earned but not received at year end is accrued. Investments are stated at fair market value, which is based on quoted market prices.

(d) Cash Flows

For purposes of the statement of cash flows, the Authority considers all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased to be cash equivalents. All pooled investments qualify as cash equivalents.

(e) Passenger Facility Charges

The Authority assesses passenger facility charges of $4.50 per passenger enplanement. The passenger facility charges are recorded as nonoperating revenues and may only be expended on capital and noncapital projects approved by the federal government. Passenger facility charges are recorded upon receipt from airlines on an accrual basis.

(f) Revenue Recognition

Operating revenues are recorded as revenues at the time services are rendered. Nonexchange transactions, in which the Authority receives value without directly giving equal value in return, include grants and capital contributions. Federal and state grants and capital contributions are recognized as revenues when the eligibility requirements, if any, are met.

(g) Net Assets

Equity is displayed in three components, as follows:

Invested in Capital, Net of Related Debt – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Authority's policy to use restricted resources first and then unrestricted resources when they are needed.

Unrestricted – This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The Airport Hotel Fund incurred an unrestricted deficit for the year ended September 30, 2011 of $2,279,455. This deficit is expected to be funded by the improvement in future operations of the Hotel.

(h) Classification of Revenues and Expenses

The Authority has classified its revenues and expenses as either operating or nonoperating according to the following criteria:

Operating – Operating revenues and expenses include activities that have the characteristics of exchange transactions, such as revenues from landing and related fees and concession fees, and expenses paid to employees and vendors.

Nonoperating – Nonoperating revenues and expenses include activities that have the characteristics of nonexchange transactions that are defined as nonoperating by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, such as revenue from federal and state grants and contributions and investment income, and expenses for capital debt.

(i) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(j) Capital Assets

Capital assets are stated at the estimated historical cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	10 – 50 years
Equipment/Vehicles	3 – 12 years
Infrastructure	10 – 40 years

Expenditures with a cost of $5,000 or more for capital assets and for major renewals and betterments that extend the estimated useful life of the assets are capitalized; routine maintenance and repairs are charged to expense as incurred. All costs relating to the construction of property and equipment owned by the Authority are capitalized, including salaries, employee benefits, and interest costs during construction. At the time capital assets are sold, retired, or disposed of, the costs of such assets and related accumulated depreciation are removed from the accounts, and any gain or loss is reflected in the results of operations.

(Continued)

(k) Compensated Absences

The Authority's employees earn vacation and sick leave benefits based, in part, on length of service. Vacation pay is fully vested when earned, and sick pay vests upon completion of two years of service. Upon separation from service, employees are paid accumulated vacation and sick pay based upon the nature of separation (death, retirement, or termination). Certain limitations have been placed on the hours of vacation and sick leave that employees may accumulate and carry over for payment at termination, retirement, or death. Unused hours exceeding these limitations are forfeited. A liability for accumulated unpaid vacation and sick pay has been recorded in the financial statements as a current "other accrued liability."

Activity for the year ended September 30, 2011 was as follows:

Beginning balance	Increases	Decreases	Ending balance
$ 5,067,985	$ 3,522,376	$ (3,294,190)	$ 5,296,171

(l) Retirement Contributions and Other Postemployment Benefit Costs

Employer and employee contributions are recognized by the Wayne County Employees' Retirement System, which includes the Authority personnel, in the period in which the contributions are due. Prior service costs resulting from benefit improvements, plan amendments, actuarial gains or losses, and other reasons are generally reflected in contributions based upon a 20-year amortization period.

The Authority offers retiree healthcare benefits to retirees. The Authority receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. The Authority reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

(m) Accounts Receivable

Net receivables at September 30, 2011 consist of trade receivables incurred by customers during the normal course of business. The total allowance for uncollectible accounts at September 30, 2011 was $631,400, of which $600,000 was for the Detroit Metropolitan Airport Fund, $25,000 was for the Willow Run Airport Fund, and $6,400 was for the Airport Hotel Fund.

(n) Accounts Payable

Total payables at September 30, 2011 consist of payables due to vendors used during the normal course of business.

(o) Restricted Assets and Liabilities

Restricted assets consist of cash, investments, and accounts receivable that are legally restricted by third parties to certain uses. Capital program funds are restricted to pay the costs of certain capital projects as defined in various bond agreements. PFC program funds are restricted to pay the cost of FAA approved capital projects and any debt incurred to finance those projects. Debt service funds are restricted to make payments for principal and interest as required by the specific bond agreements. Operation and maintenance funds are restricted to pay for operations at Metro Airport as required by the bond ordinance. Public safety funds obtained from seizures are restricted to specified security or public safety uses.

Liabilities payable from restricted assets are the accrued interest and current portion of long-term debt associated with the purchase and construction of the capital projects funded by the restricted assets.

(p) Interfund Balances, Advances, and Transfers

The interfund balances resulted from (1) the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, (2) the time lag between the dates payment between funds is made, and (3) overdrafts by individual funds of its share of pooled cash. Noncurrent balances arising in connection with interfund loans are reported as advances. *Due from other funds* is an asset account used to record current portions of loans from one fund to another fund within the same reporting entity. Similarly, *due to other funds* is a liability account used to record current portions of debt owed by one fund to another fund within the same reporting entity.

Interfund transfers are used to transfer unrestricted resources from one reporting fund to another to fund operations.

(q) Bond Issuance Costs

Bond issuance costs are amortized over the period the bond is outstanding, based on the ratio of debt outstanding to original debt issued. Accumulated amortization at September 30, 2011 is $16,961,042.

(r) Deferral of Gains and Losses on Refundings

The Authority defers the difference between the reacquisition price and the net carrying amount of the old debt in refundings in accordance with the provisions of GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*. The deferred amount is amortized and recorded as a component of interest expense in accordance with the standard.

(Continued)

(s) Environmental Matters

Environmental accruals are calculated and recorded using an expected cash flow technique applied to probabilities, ranges, and assumptions developed in response to a potential remediation liability as based on current law and existing technologies. These accruals are evaluated periodically for changes due to additional assessment and remediation efforts, as well as more detailed legal or technical information. Environmental liabilities are included in the statement of net assets as current and long-term "other accrued liabilities."

In certain instances, environmental remediation costs cannot be reasonably estimated; however, the nature of the matters is disclosed in the notes to the basic financial statements as commitments and contingencies. As components of the remediation efforts are able to be projected, they are calculated using an expected cash flow technique and recorded accordingly.

(t) Self Insurance

During the year ended September 30, 2004, the Authority became self-insured for disability, unemployment, and liability insurance. The Authority charges its departments a specified percentage of the department's regular biweekly payroll for these liabilities. Claims related to unemployment, disability, claim administration, deductibles, and legal bills are paid out of these funds. Until November 30, 2010, the Authority purchased commercial insurance for liability claims in excess of $50,000. Since September 30, 2004, there have been four losses that have exceeded this $50,000 retention wherein the insurer has been responsible for settlement and legal fees. Beginning December 1, 2010, the maximum amount paid for legal bills and claims paid out of these funds was reduced to $10,000. The Authority now purchases commercial insurance for liability claims in excess of $10,000. Since December 1, 2010, there have been no losses that have exceeded the $10,000 retention.

During the year ended September 30, 2005, the Authority became self-insured for health insurance and workers' compensation. The Authority charges its departments a specified percentage of the department's regular biweekly payroll for these liabilities. The funds collected for workers' compensation are used to pay claims (wages and medical), third-party administration services, and loss control services. The Authority purchases commercial insurance for claims that exceed $1 million. Since September 30, 2005, there has been one claim that has exceeded the $1 million retention wherein the insurer has been responsible for settlement of all future wages, medical, and legal costs. The funds collected for health insurance are used to pay self-insured claims to Blue Cross, the primary health care provider, and premiums for Health Alliance Plan, dental, and life insurance. The Authority, as part of the County's umbrella, pays Blue Cross an amount quarterly for each participant for additional stop/loss coverage. This aggregate stop/loss coverage would become effective only when a claim would exceed approximately 120 percent of average medical claims experience within the group (which includes the County). This stop/loss threshold has not been met since the Authority became self-insured.

The liability for self-insurance claims has been recorded in the financial statements as a current "other accrued liability." A reconciliation of the Authority's self-insured claims liability at September 30, 2011 follows:

	Health Insurance	Workers' Compensation	Other Claims	Total
Claims liability, September 30, 2009	$ 5,272,448	$ 2,012,638	$ 1,609,712	$ 8,894,798
Claims incurred during fiscal year 2010	19,041,750	3,741,268	1,100,251	23,883,269
Payments on claims	(14,757,400)	(710,043)	(368,108)	(15,835,551)
Decrease in the reserve	(5,000,917)	(116,021)	(925,238)	(6,042,176)
Claims liability, September 30, 2010	4,555,881	4,927,842	1,416,617	10,900,340
Claims incurred during fiscal year 2011	19,795,448	276,471	498,064	20,569,983
Payments on claims	(15,241,489)	(454,344)	(540,055)	(16,235,888)
Decrease in the reserve	(1,642,451)	(1,924,980)	(356,663)	(3,924,094)
Claims liability, September 30, 2011	$ 7,467,389	$ 2,824,989	$ 1,017,963	$ 11,310,341

(3) Major Customer

Delta Air Lines (Delta) accounts for approximately 30 percent of total Authority operating revenues for the year ended September 30, 2011, including 46 percent of landing and related fees, 76 percent of airline rental and related fees, and 76 percent of facility use fees. Approximately 48 percent of total 2011 enplanements are attributable to Delta's operations. In the event that Delta discontinues its operations, there are no assurances that another airline would replace its hub activities.

Existing operating agreements with all Signatory Airlines servicing the Authority require that all remaining airlines would continue to pay the net operating costs and debt service requirements of the Authority. The Authority had approximately $979 thousand in net receivables from Delta at September 30, 2011.

The airlines serving the Airport have been impacted by global events to varying degrees. Delta Air Lines filed for bankruptcy reorganization in 2005 (it has since emerged), and American Airlines filed for bankruptcy reorganization in November 2011. During 2008, Delta Air Lines completed a merger with Northwest Airlines, which was formerly the primary carrier servicing the Airport. This consolidation has affected Detroit Metropolitan Airport positively as Delta has continued to utilize Detroit as a hub and remains the primary carrier.

It is reasonable to assume that any additional financial or operational difficulties incurred by Delta, the predominant airline servicing the Airport, could have a material adverse effect on the Airport. Any financial or operational difficulties by a Signatory Airline may, whether directly or indirectly, have a material adverse impact on Airport operations.

(4) Deposits and Investments

Michigan Compiled Laws, Section 129.9 1 (Public Act 20 of 1943, as amended), authorizes the Authority to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Authority is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The investment policy adopted by the Authority in accordance with Public Act 20 of 1943, as amended, authorizes investments in U.S. Treasuries, U.S. agencies and instrumentalities (date-specific maturities only), non-negotiable certificates of deposit, commercial paper (rated A2/P2 or above), bankers' acceptances, repurchase agreements, overnight deposits, or mutual funds. For overnight deposits, the treasurer may invest overnight or short-term liquid assets to cover cash flow requirements in the following types of pools: investment pools organized under the Surplus Funds Investment Pool Act of 1982, PA 367, 1 MCL 129.111 to MCL 129.118, or investment pools organized under the Urban Cooperation Act of 1967, PA 7, and MCL 124.501 to 124.512. For mutual funds, the treasurer may invest in no-load fixed-income mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan, either taxable or tax-exempt. This authorization is limited to mutual funds whose intent is to maintain a net asset value of $1.00 per share.

The Authority's cash and investments are subject to several types of risk, which are examined in more detail below.

Credit risk – In compliance with state law, the Authority's investment policy limits investments of commercial paper to the two top ratings issued by nationally recognized statistical rating organizations. As of year end, the credit quality ratings of investments (other than the U.S. government) are as follows:

Investment		Fair value	Rating	Organization
Primary Government:				
Money market funds	$	24,440,636	AAA	S&P
Commercial paper		154,344,932	A1, P1	S&P, Moody's
Commercial paper		72,646,223	F1, P1	Fitch, Moody's
Commercial paper		3,499,125	A1+, P1	S&P, Moody's
Fiduciary Fund:				
Money market funds		66,094	AAA	S&P
Commercial paper		12,994,280	A1, P1	S&P, Moody's
Commercial paper		499,995	F1, P1	Fitch, Moody's
Commercial paper		99,975	A1+, P1	S&P, Moody's

Custodial credit risk of bank deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority's investment policy requires that deposits over the $250,000 insured limit in a commercial bank shall not equal more than 25 percent of the combined capital and surplus of that bank, and that bank must meet the minimum standards of at least one standard rating service. At year end, the Authority had $37,604,876 of bank deposits (certificates of deposit, checking, and savings accounts) that were largely uninsured and uncollateralized. The Authority believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Authority evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution. Only those institutions with an acceptable estimated risk level are used as depositories.

Custodial credit risk of investments – Custodial credit risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's investment policy requires that all investments not purchased directly from an issuer must be held in the name of the Authority, be purchased using the delivery vs. payment procedure, and be held in third-party safekeeping. At year end, none of the Authority's investments were subject to custodial credit risk due to one of the following:

- Investments were held by a third-party safe-keeper in the Authority's name.
- Investments were held by the Authority's trustee in the Authority's name.
- Investments were part of a mutual fund.

Interest rate risk – Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Authority's investment policy addresses this risk by setting limits by investment fund type as follows:

Investment fund	Maturity maximum
General Pool	1 year
Bond Reserve	5 years
Bond Payment and Capital Interest Funds	1 business day prior to bond payment date
Construction Funds	Must match draw schedule or less

Note: All commercial paper is limited by state statute to 270 days maximum.

At year end, the average maturities of investments subject to interest rate risk are as follows:

		Fair value	Average maturity
Primary Government:			
Investments subject to risk:			
Bond reserves:			
U.S. Treasuries	$	57,096,173	3.2 years
Long-term repo		3,629,278	10.2 years
Commercial Paper		95,243,333	11 days
Bond payment funds:			
U.S. Treasuries		71,207,617	62 days
Capital interest funds:			
2003 Construction:			
Commercial Paper		6,999,930	4 days
2005 Construction:			
Commercial Paper		3,299,715	13 days
Construction funds:			
2005 Construction:			
Commercial Paper		23,750,000	5 months
2007 Construction:			
Commercial Paper		13,599,684	6 days
2009 Construction:			
Commercial Paper		7,799,922	4 days
Other construction and operating:			
Commercial paper		68,998,812	5 days
Hotel:			
Commercial paper		10,798,884	15 days
U.S. Treasuries		143,156	2 months
Investments subject to risk		362,566,504	
Deposits/investments not subject to risk:			
Deposits		106,514,683	
Money market funds		24,440,636	
Total Primary Government		493,521,823	
Fiduciary Fund:			
Investments subject to risk:			
Commercial paper		13,594,250	44 days
Deposits/investments not subject to risk:			
Money market funds		66,094	
Total Fiduciary Fund		13,660,344	
Total deposits and investments	$	507,182,167	

Concentration of credit risk – Through its investment policy, the Authority places limits on the amount the Authority may invest in any one issuer, along with the minimal capital strength of those issuers. There are also limits as to use of specific types of instruments, along with limits upon use of a single institution. These limits are as follows:

Limits using capital strength test – Maximum investment is 25 percent of combined capital and surplus position of that financial institution.

Limits based upon use of specific instruments:

Investment type	Limit	Actual at year end
Bankers' acceptances	50%	- %
Repurchase agreements	25	0.7
Certificates of deposit (bank)	50	9.2
Money market funds	50	4.8
Commercial paper	60	48.1
U.S. government	100	25.3

Authority limits based upon use of a single issuer:

Investment type	Limit
Bankers' acceptances	25% of total portfolio
Repurchase agreements	10% of total portfolio
Certificates of deposit (bank)	33% of total portfolio
Certificates of deposit (S&L)	5% of total portfolio

Actual year-end investments in a single issuer exceeding 5 percent of total portfolio are as follows:

Issuer	Investment type	Fair value	Portfolio	Rating
Intesa Funding LLC	Commercial paper	$ 111,189,536	21.92%	A1, P1
Dexia DE LLC	Commercial paper	73,146,218	14.42	F1, P1
HSBC Finance Corp	Commercial paper	32,399,676	6.39	A1, P1

(Continued)

(5) Restricted Assets

In accordance with the terms of applicable ordinances, the Authority is required to restrict assets for various purposes. Net assets have been restricted related to certain of the restricted assets. A summary of the restricted assets at September 30, 2011 is as follows:

Operations and maintenance:	
Cash and investments	$ 31,548,869
Accounts receivable	103,411
Total	31,652,280
Replacement and improvements:	
Cash and investments	208,118
Construction:	
Cash and investments	75,037,928
Accounts receivable	4,776
Total	75,042,704
Bond and interest redemption:	
Cash and investments	255,186,083
Accounts receivable	432,289
Total	255,618,372
Passenger facility charges:	
Cash and investments	29,685,094
Accounts receivable	9,677,180
Total	39,362,274
Drug enforcement:	
Cash and investments	1,744,482
Total restricted assets	$ 403,628,230

(Continued)

(6) Capital Assets

Capital asset activity for the year ended September 30, 2011 was as follows:

	Beginning balance	Increases	Decreases	Ending balance
Detroit Metropolitan Airport Fund:				
Capital assets not being depreciated:				
Land and nondepreciable assets	$ 226,569,280	$ —	$ —	$ 226,569,280
Construction in progress	68,025,672	25,465,197	(58,826,976)	34,663,893
Total capital assets not being depreciated	294,594,952	25,465,197	(58,826,976)	261,233,173
Capital assets being depreciated:				
Buildings and improvements	1,956,754,685	15,687,211	(28,350)	1,972,413,546
Equipment	61,700,145	4,421,879	(1,728,092)	64,393,932
Infrastructure	1,150,946,407	49,068,130	—	1,200,014,537
Total capital assets being depreciated	3,169,401,237	69,177,220	(1,756,442)	3,236,822,015
Less accumulated depreciation for:				
Buildings and improvements	652,729,305	81,248,829	(17,169)	733,960,965
Equipment	41,211,848	3,908,795	(1,690,511)	43,430,132
Infrastructure	601,579,373	49,502,120	—	651,081,493
Total accumulated depreciation	1,295,520,526	134,659,744	(1,707,680)	1,428,472,590
Total capital assets being depreciated, net	1,873,880,711	(65,482,524)	(48,762)	1,808,349,425
Total Detroit Metropolitan Airport Fund capital assets, net	2,168,475,663	(40,017,327)	(58,875,738)	2,069,582,598

	Beginning balance	Increases	Decreases	Ending balance
Willow Run Airport Fund:				
Capital assets not being depreciated:				
Land and nondepreciable assets	$ 15,926,984	$ —	$ —	$ 15,926,984
Construction in progress	694,650	2,091,016	(2,254,155)	531,511
Total capital assets not being depreciated	16,621,634	2,091,016	(2,254,155)	16,458,495
Capital assets being depreciated:				
Buildings and improvements	8,455,365	1,381,673	(67,000)	9,770,038
Equipment	6,159,332	133,691	(34,000)	6,259,023
Infrastructure	110,609,876	738,791	—	111,348,667
Total capital assets being depreciated	125,224,573	2,254,155	(101,000)	127,377,728
Less accumulated depreciation for:				
Buildings and improvements	3,682,680	304,984	(67,000)	3,920,664
Equipment	4,212,155	361,140	(34,000)	4,539,295
Infrastructure	82,877,847	2,182,057	—	85,059,904
Total accumulated depreciation	90,772,682	2,848,181	(101,000)	93,519,863
Total capital assets being depreciated, net	34,451,891	(594,026)	—	33,857,865
Total Willow Run Airport Fund capital assets, net	51,073,525	1,496,990	(2,254,155)	50,316,360
Airport Hotel Fund:				
Capital assets being depreciated:				
Buildings and improvements	92,728,076	84,277	(17,640)	92,794,713
Equipment	590,949	95,076	—	686,025
Total capital assets being depreciated	93,319,025	179,353	(17,640)	93,480,738
Less accumulated depreciation for:				
Buildings and improvements	38,508,313	5,159,563	(15,582)	43,652,294
Equipment	425,974	86,948	—	512,922
Total accumulated depreciation	38,934,287	5,246,511	(15,582)	44,165,216
Total capital assets being depreciated, net	54,384,738	(5,067,158)	(2,058)	49,315,522
Total Airport Hotel Fund capital assets, net	54,384,738	(5,067,158)	(2,058)	49,315,522
Total Authority capital assets, net	$ 2,273,933,926	$ (43,587,495)	$ (61,131,951)	$ 2,169,214,480

(7) Long-term Debt

The detail of long-term debt at September 30, 2011 is as follows:

Detroit Metropolitan Airport Fund:	
Airport Revenue Bonds:	
Series 1998A, 4.2% to 5.5%, due 12/1/2028	$ 188,455,000
Series 2002C, 3.0% to 5.375%, due 12/1/2020	25,530,000
Series 2002D, 5.0% to 5.5%, due 12/1/2019	56,855,000
Series 2005, 3.5% to 5.25%, due 12/1/2034	487,465,000
Series 2007A Jr. Lien, 4.85% to 5%, due 12/1/2037	180,390,000
Series 2007B, 4.0% to 5.382%, due 12/1/2028	119,390,000
Series 2008A, 4.0% to 5.75%, due 12/1/2032	129,855,000
Series 2010A, 2.0% to 5.0%, due 12/1/2018	222,490,000
Series 2010B, 4.0% to 5.0%, due 12/1/2013	8,795,000
Series 2010C, 1.5% to 5.5%, due 12/1/2022	188,415,000
Series 2010D, 1.5% to 5.5%, due 12/1/2021	28,045,000
Series 2010E1, variable, current yield at 9/30/11, 0.17%, due 12/1/2028	75,360,000
Series 2010E2, variable, current yield at 9/30/11, 0.16%, due 12/1/2028	75,000,000
Series 2010F, variable, current yield at 9/30/11, 0.15%, due 12/1/2033	124,640,000
Series 2010G, variable, current yield at 9/30/11, 1.12%, due 12/1/2028	116,000,000
Installment purchase contract, 4.33%, due 5/21/2023	3,520,542
Installment purchase contract, 3.7%, due 9/25/2015	178,533
Installment purchase contract, 3.54%, due 11/14/2014	204,356
Installment purchase contract, 4.05%, due 4/8/2018	275,188
Installment purchase contract, 5.31%, due 12/16/2013	175,760
Total Detroit Metropolitan Airport Fund	2,031,039,379
Willow Run Airport Fund:	
Notes payable – Washtenaw County, 0%, due 12/31/2019	160,674
Notes payable – University of Michigan, 8%, due 9/1/2013	408,691
Total Willow Run Airport Fund	569,365
Airport Hotel Fund:	
Airport Hotel Bonds:	
Series 2001A, 5.0% to 5.5%, due 12/1/2030	99,630,000
Series 2001B, 6.0% to 6.6%, due 12/1/2015	8,510,000
Other Hotel debt:	
Capital/FF&E Reserve Loan, 8%, due 11/15/2017	3,361,455
Working Capital Loan, 8%, due 11/15/2017	1,500,000
Total Airport Hotel Fund	113,001,455
Total Authority bonds payable and other debt	2,144,610,199

Add (less):	
Deferred amount on refunding	$ (40,000,476)
Certain bond discounts	(3,274,117)
Certain bond premiums	38,070,986
Total Authority bonds payable and other debt, net	2,139,406,592
Less current portion	71,259,248
Total Authority bonds payable and other debt, noncurrent	$ 2,068,147,344

The annual requirements to pay principal and interest on the Authority's debt outstanding at September 30, 2011 are summarized as follows:

	Principal					
	Airport revenue bonds	Installment purchase contracts	Willow Run debt	Airport hotel bonds	Other Hotel debt	Total
2012	$ 69,200,000	$ 400,464	$ 19,476	$ 1,200,000	$ 439,308	$ 71,259,248
2013	79,200,000	427,864	428,167	1,480,000	475,771	82,011,802
2014	83,505,000	393,187	19,476	1,645,000	515,259	86,077,922
2015	85,905,000	341,666	19,476	1,935,000	558,026	88,759,168
2016	89,660,000	306,851	19,476	2,250,000	604,342	92,840,669
2017 to 2021	452,435,000	1,762,197	63,294	17,110,000	2,268,749	473,639,240
2022 to 2026	479,515,000	722,150	—	32,260,000	—	512,497,150
2027 to 2031	436,490,000	—	—	50,260,000	—	486,750,000
2032 to 2036	227,935,000	—	—	—	—	227,935,000
2037 to 2038	22,840,000	—	—	—	—	22,840,000
Total	$ 2,026,685,000	$ 4,354,379	$ 569,365	$ 108,140,000	$ 4,861,455	$ 2,144,610,199

	Interest					
	Airport revenue bonds	Installment purchase contracts	Willow Run debt	Airport hotel bonds	Other Hotel debt	Total
2012	$ 85,399,770	$ 178,974	$ 38,044	$ 5,609,035	$ 373,040	$ 91,598,863
2013	82,643,789	161,208	38,044	5,522,995	336,578	88,702,614
2014	79,001,917	143,347	—	5,419,870	297,089	84,862,223
2015	74,868,567	128,206	—	5,301,730	254,323	80,552,826
2016	70,421,839	114,598	—	5,163,625	208,007	75,908,069
2017 to 2021	284,121,466	356,837	—	23,552,588	173,991	308,204,882
2022 to 2026	175,488,381	27,863	—	17,117,263	—	192,633,507
2027 to 2031	92,401,949	—	—	6,695,000	—	99,096,949
2032 to 2036	26,630,925	—	—	—	—	26,630,925
2037 to 2038	1,156,000	—	—	—	—	1,156,000
Total	$ 972,134,603	$ 1,111,033	$ 76,088	$ 74,382,106	$ 1,643,028	$ 1,049,346,858

Pursuant to the Authority Act, the Authority is liable for all of the obligations with respect to the Authority, with the exception of the County's pledge of its limited tax full faith and credit, subject to constitutional, statutory, and charter tax rate limitations, associated with the $110.9 million (original issue amount) Airport Hotel Revenue Bonds, Series 2001A and 2001B, issued by the County. This includes all of the County's obligations on Outstanding Senior Lien Bonds and Junior Lien Bonds issued by the County under the County's Amended and Restated Master Airport Revenue Bond Ordinance No. 319 and its predecessor Ordinance 319, as amended and supplemented by various amending and supplemental ordinances adopted by the County, including the Series Ordinance adopted for each outstanding series of airport revenue bonds issued thereunder by the County (collectively, Ordinance 319). Pursuant to the Authority Act, the Authority is obligated to perform all of the duties, and is bound by all of the covenants, with respect to the Authority under any ordinances (including Ordinance 319), agreements, or other instruments and under law. Under the Authority Act, all airport revenue bonds issued by the Authority may be issued on a parity basis with the outstanding Senior Lien Bonds issued by the County under Ordinance 319 and additional bonds issued by the Authority under the Master Bond Ordinance, and secured by net revenues.

Net revenues (as defined in the various bond ordinances) of Metro Airport have been pledged toward the repayment of the Airport Revenue Bonds and the Installment Purchase Contracts.

The Airport Revenue Bond Ordinances require that Metro Airport restrict assets to provide for the operations, maintenance, and administrative expenses of the subsequent month, the redemption of bond principal and interest, and for other purposes as defined in those ordinances.

In August 1993, the County entered into a $445,801 note payable agreement to purchase the Packard Hangar, located at the Willow Run Airport, from the University of Michigan. The agreement calls for quarterly interest payments of $9,511 commencing on September 1, 1993. Principal payments on the note are required if revenue in excess of $60,000 is generated at the Packard Hangar site during any calendar year. In this situation, half of the revenue generated would be required to be paid to the University of Michigan. On September 1, 2013, any principal and interest remaining unpaid are due.

In June 1999, the County entered into agreements with Northwest to issue approximately $15.2 million in Airport Special Facility Revenue Bonds to finance the construction of an aircraft maintenance facility. All debt service costs will be paid by the airline through a trustee. The County and the Authority are not obligated in any manner to provide debt service in the event of default by Northwest. As these bonds are payable from special facility lease rentals payable in full by Northwest, the related debt has not been reflected in the financial statements of the Authority. An "Event of Default" has occurred as a result of the Northwest Airlines bankruptcy filing on September 14, 2005. Northwest Airlines has since emerged from bankruptcy and affirmed its obligation for the Series 1999 Special Facility Bonds and is no longer in default. Effective December 31, 2009, the FAA issued a single operating certificate for the integrated airline, and on the same date Northwest legally merged into Delta, resulting in a single surviving corporation known as Delta Air Lines, Inc. As a result of the merger, by operation of law, Delta has succeeded to all of the rights and obligations of Northwest.

In March 2001, the County issued $110.9 million in Airport Hotel Revenue Bonds, Series 2001A and Series 2001B. The 2001A Bonds, $99.6 million, were issued for the purpose of paying the cost of acquiring, constructing, equipping, and furnishing an airport hotel (the Airport Hotel) and related improvements at the new McNamara Terminal of Metro Airport to be owned by the County. In addition, these bonds will pay capitalized interest and certain costs of issuance for this series. The 2001B Bonds, $11.3 million, were issued for the purpose of paying the County Credit Enhancement Fee, funding the Operation and Maintenance Reserve Fund, and paying capitalized interest and certain costs of issuance related to this series.

The Authority has pledged all net Airport Hotel revenues solely for the payment of the Bonds and the Parity Obligations, and a statutory first lien has been granted upon all net Airport Hotel revenues for such purpose. In addition, the County has pledged its limited tax full faith and credit as additional security for payment of the principal, premium, if any, and interest on the bonds, subject to constitutional, statutory, and charter tax rate limitations.

In December 2001, the County entered into a $292,133 note payable with Washtenaw County to allow Washtenaw County to use its Michigan Community Development Block Grant to assist Willow Run Airport in renovating Hangar I. The agreement calls for the principal to be paid in quarterly installments commencing March 31, 2005.

In July 2002, the County issued $102.5 million Charter County of Wayne Airport Revenue Refunding Bonds, Series 2002C and 2002D. The Series 2002C Refunding Bonds were issued to refund, on a current basis, at the earliest practicable date, the Series 1990B Bonds and the December 2002 principal amount due on the Series 1998B Bonds. The Series 2002D Refunding Bonds were issued to refund, on a current basis, at the earliest practicable date, the Series 1990A Bonds and the Series 1991B Bonds. The Series 2002 C&D Refunding Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operation of Metro Airport.

The County defeased the Series 1990B Bonds, the Series 1990A Bonds, the Series 1991B Bonds, and the December 2002 principal amount due on the Series 1998B Bonds by placing the proceeds of the Series 2002C and 2002D Bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. The Series 1990B, the Series 1990A, and the Series 1991B Bonds were subsequently called and paid in full in August 2002. The portion of the Series 1998B Bonds was subsequently called and paid in December 2002. The difference between the cash flows required to service the new debt and complete the refunding was approximately $15.3 million. The County estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately $14.1 million.

In November 2002, the Authority entered into two debt agreements with Westin Management Company East (the Hotel Operator). Both loans were provided for in the Hotel Management and Operating agreement. The Capital/FF&E loan was for $5 million and is to be used solely for future capital improvements to the Airport Hotel. The Working Capital Loan was for $1.5 million and was used to provide initial working capital to operate the Airport Hotel. During 2007, the Capital/FF&E loan was renegotiated with the Hotel Operator and the outstanding interest payable at December 31, 2006 was rolled into the principal amount of the loan.

The net Airport Hotel revenues are pledged solely for the payment of the Airport Hotel Bonds and these loans, and a statutory first lien has been granted upon all net Airport Hotel revenues for such purpose.

In April 2005, the Authority issued $507 million in Wayne County Airport Authority Airport Revenue Bonds to provide funds to pay a portion of the costs of certain capital improvements at Metro Airport. These projects include the North Terminal Redevelopment Project and the completion of the McNamara Terminal Phase II Project. The Series 2005A Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operation of Metro Airport.

In June 2007, the Authority issued $180 million in Wayne County Airport Authority Airport Revenue Bonds to provide funds to pay a portion of the costs of certain capital improvements at Metro Airport. These projects include the reconstruction and rehabilitation of airfield pavement, the design and construction of a centralized luggage screening facility with an in-line explosive detection system for both the McNamara and North Terminals, and improvements to parking facilities and roadways. The Series 2007A Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operation of Metro Airport and available after net revenues have first been set aside as required to pay the principal and interest and redemption price, if any, of Senior Lien Bonds as provided in the Ordinance. The Series 2007A Bonds are "Junior Lien Bonds" under the Ordinance, and a statutory lien subordinate to the prior lien in respect of Senior Lien Bonds has been established under the Ordinance upon and against the net revenues to secure the payment of the Series 2007A Bonds.

In September 2007, the Authority executed a Master Lease Purchase Agreement to finance up to $8 million in major equipment purchases over a three-year period. As of September 2010, the Authority has used $1,511,137 of this agreement and has entered into four Installment Purchase Contracts to pay for equipment at Metro Airport.

In November 2007, the Authority issued $119.4 million in Wayne County Airport Authority Airport Revenue Refunding Bonds, Series 2007B. The Series 2007B Bonds were issued to refund a portion of the Series 1998B Bonds which were initially issued to finance the cost of various capital projects at Metro Airport. The Series 2007B Bonds are revenue obligations of the Authority payable solely from the new revenues derived by the Authority from the operation of Metro Airport.

The Authority defeased a portion of the Series 1998B Bonds by placing the proceeds of the Series 2007B Bonds in an irrevocable trust to provide for all future debt service payments. The Series 1998B Bonds were subsequently called and paid in full in December 2008. The difference between the cash flows required to service the new debt and complete the refunding was approximately $6.3 million. The Authority estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately $7 million.

In May 2008, the Authority entered into an Installment Purchase Contract for $3,886,162 to pay for additional energy conservation improvements at Metro Airport.

During fiscal year 2008, disruption occurred in the auction rate and variable rate demand obligation markets, largely due to the credit rating downgrades of Bond Insurers, which significantly affected the Authority's variable rate hedged and unhedged debt program representing 25.74% of overall authority debt.

Beginning in April 2008, the following refunding actions were taken to mitigate the negative financial impact to Metro Airport including the elimination of all auction rate debt and replacing bond insurance with direct pay letters of credit for all variable rate debt.

In April 2008, the Authority issued $142.3 million in Wayne County Airport Authority Airport Revenue Refunding Bonds, Series 2008A. The Series 2008A Fixed Rate Refunding Bonds were issued to refund the Series 2002A Variable Rate Bonds which were initially issued to finance the cost of various capital projects at Metro Airport. The Series 2008A Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operation of Metro Airport.

The Authority defeased the Series 2002A Bonds by placing the proceeds of the Series 2008A Bonds in an irrevocable trust to provide for all future debt service payments. The Series 2002A Bonds were subsequently called and paid in full in May 2008.

In June 2008, the Authority issued $330.4 million in Wayne County Airport Authority Airport Revenue Refunding Bonds, Series 2008B, 2008C-1, 2008C-2, 2008C-3, and 2008D. The Series 2008B, 2008C-1, 2008C-2, 2008C-3, and 2008D Bonds were issued to refund certain outstanding indebtedness previously issued to finance or refinance the cost of various capital projects at Metro Airport. The Series 2008B Refunding Bonds were issued to refund the Series 2003A-1 Bonds, 2003A-2 Bonds, and a portion of 2003A-3 Bonds. The Series 2008C-1 Refunding Bonds were issued to refund the Series 2003B Bonds. The Series 2008C-2 Refunding Bonds were issued to refund the Series 2004 Bonds. The Series 2008C-3 Refunding Bonds were issued to refund a portion of the Series 2003A-3 Bonds. The Series 2008D Refunding Bonds were issued to refund the Series 2003C Bonds. The Series 2008B, 2008C-1, 2008C-2, 2008C-3, and 2008D Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operations of Metro Airport.

The Authority defeased the Series 2003A-1 Bonds, Series 2003A-2 Bonds, Series 2003A-3 Bonds, Series 2003B Bonds, Series 2003C Bonds, and Series 2004 Bonds by placing the proceeds of the Series 2008B, 2008C-1, 2008C-2, 2008C-3, and 2008D Bonds in an irrevocable trust to provide for all future debt service payments. The Series 2003A-1 Bonds, Series 2003A-2 Bonds, Series 2003A-3 Bonds, Series 2003B Bonds, Series 2003C Bonds, and Series 2004 Bonds were subsequently called and paid in full in July 2008 and August 2008.

The Series 2008B Bonds, Series 2008C-1 Bonds, Series 2008C-2 Bonds, Series 2008C-3 Bonds, and Series 2008D Bonds are variable-rate bonds. The remarketing agent is responsible under an agreement with Metro Airport to establish the interest rate weekly. The interest rate is determined as the rate of interest which, in the judgment of the remarketing agent, would cause the Series 2008B Bonds, Series 2008C-1 Bonds, Series 2008C-2 Bonds, Series 2008C-3 Bonds, and Series 2008D Bonds to have a market value as of the date of determination equal to the principal amount, taking into account prevailing market provisions.

In October 2008, the Authority issued $74.8 million in Wayne County Airport Authority Airport Revenue Refunding Bonds, Series 2008E and 2008F. The Series 2008E and 2008F Bonds were issued to refund certain outstanding indebtedness previously issued to refinance the cost of various capital projects at Metro Airport. The Series 2008E Refunding Bonds were issued to refund the Series 1996A Bonds. The Series 2008F Refunding Bonds were issued to refund the Series 1996B

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Bonds. The Series 2008E and 2008F Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operations of Metro Airport.

The Authority defeased the Series 1996A and 1996B Bonds by placing the proceeds of the Series 2008E and 2008F Bonds in an irrevocable trust to provide for all future debt service payments. The Series 1996A and 1996B Bonds were subsequently called and paid in full in October 2008 and December 2008.

The Series 2008E and 2008F Bonds are variable-rate bonds. The remarketing agent is responsible under an agreement with Metro Airport to establish the interest rate weekly. The interest rate is determined as the rate of interest which, in the judgment of the remarketing agent, would cause the Series 2008E and 2008F Bonds to have a market value as of the date of determination equal to the principal amount, taking into account prevailing market provisions.

At September 30, 2010, the Series 2008 C-1, Series 2008 C-2, Series 2008D, Series 2008E, and 2008F Bonds had Swap agreements. These Swap agreements were terminated without penalty on December 1, 2010.

In December 2010, the Authority issued $722.7 million in Wayne County Airport Authority Airport Revenue Refunding Bonds, Series 2010A, 2010B, 2010C, 2010D, 2010E-1, 2010E-2, and 2010F. The Series 2010A, 2010B, 2010C, 2010D, 2010E-1, 2010E-2, and 2010F Bonds were issued to refund certain outstanding indebtedness previously issued to finance or refinance the cost of various capital projects at Metro Airport. The Series 2010A Refunding Bonds were issued to refund a portion of the Series 1998A Bonds. The Series 2010B Refunding Bonds were issued to refund a portion of the Series 1998B Bonds. The Series 2010C Refunding Bonds were issued to refund a portion of the Series 2008B Bonds, a portion of the Series 2008C Bonds, the Series 2008E Bonds and the Series 2008F Bonds. The Series 2010D Refunding Bonds were issued to refund the Series 2008D Bonds. The Series 2010E-1 Refunding Bonds were issued to refund a portion of the Series 1998A Bonds. The Series 2010E-2 Refunding Bonds were issued to refund a portion of the Series 1998A Bonds. The Series 2010F Refunding Bonds were issued to refund a portion of the Series 2008B Bonds and a portion of the Series 2008C Bonds. The Series 2010A Bonds, Series 2010B Bonds, Series 2010C Bonds, Series 2010D Bonds, Series 2010E-1 Bonds, Series 2010E-2 Bonds, and Series 2010F Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operations of Metro Airport.

The Authority defeased the refunded portions of the Series 1998A Bonds, Series 1998B Bonds, Series 2008B Bonds, Series 2008C Bonds, Series 2008D Bonds, Series 2008E Bonds, and Series 2008F Bonds by placing the proceeds of the Series 2010A Bonds, Series 2010B Bonds, Series 2010C Bonds, Series 2010D Bonds, Series 2010E-1 Bonds, Series 2010E-2 Bonds, and Series 2010F Bonds in an irrevocable trust to provide for all future debt service payments. The Series 1998A Bonds, Series 1998B Bonds, Series 2008B Bonds, Series 2008C Bonds, Series 2008D Bonds, Series 2008E Bonds, and Series 2008F Bonds were subsequently called and paid in full in January 2011 and February 2011. The difference between the cash flows required to service the new debt and complete the refunding was approximately $52.2 million. The Authority estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately $25.5 million.

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The Series 2010E-1 Bonds, Series 2010E-2 Bonds and Series 2010F Bonds are variable-rate bonds. The remarketing agent is responsible under an agreement with Metro Airport to establish the interest rate weekly. The interest rate is determined as the rate of interest which, in the judgment of the remarketing agent, would cause the Series 2010E-1 Bonds, Series 2010E-2 Bonds, and Series 2010F Bonds to have a market value as of the date of determination equal to the principal amount, taking into account prevailing market provisions.

In December 2010, the Authority issued a $116 million Direct Placement Bond with Wells Fargo Bank, N.A., Series 2010G Bonds. The Series 2010G Bonds were issued to refund a portion of the Series 1998A Bonds which were initially issued to finance the cost of various capital projects at Metro Airport. The Series 2010G Bonds are revenue obligations of the Authority payable solely from the revenues derived by the Authority from the operations of Metro Airport.

The Authority defeased the refunded portions of the Series 1998A Bonds by placing the proceeds of the Series 2010G Bonds in an irrevocable trust to provide for all future debt service payments. The Series 1998A Bonds were subsequently called and paid in full in January 2011. The difference between the cash flows required to service the new debt and complete the refunding was approximately $37.7 million. The Authority estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately $26.2 million.

The Series 2010G Bonds are variable-rate bonds. Wells Fargo Bank N.A. is responsible under an agreement with Metro Airport to establish the interest rate weekly. The interest rate is determined as the rate of interest which, in the judgment of Wells Fargo Bank N.A., would cause the Series 2010G Bonds to have a market value as of the date of determination equal to the principal amount, taking into account prevailing market provisions.

The Authority capitalizes net financing costs during construction for debt issues specifically related to construction projects. During the year ended September 30, 2011, interest expense incurred on these debt issues totaled $90,294,568. For 2011, net financing costs capitalized were $1,219,994.

In July 2011, the Authority entered into a line of credit agreement with a maximum borrowing amount of $15 million. The borrowings charge interest at a rate equal to 100 basis points over LIBOR. The line of credit agreement expires in June 2012. There were no borrowings on this line during the year ended September 30, 2011.

Long-term debt activity for the year ended September 30, 2011 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Detroit Metropolitan Airport Fund:					
Airport Revenue Bonds	$ 2,121,835,000	$ 838,745,000	$ (933,895,000)	$ 2,026,685,000	$ 69,200,000
Installment Purchase Contracts	6,608,280	—	(2,253,901)	4,354,379	400,464
Less:					
Deferred amount on refunding	(30,732,745)	21,491,262	(30,758,993)	(40,000,476)	—
Certain bond discounts	(6,288,750)	4,724,299	—	(1,564,451)	—
Add:					
Certain bond premiums	21,667,285	20,619,612	(4,215,911)	38,070,986	—
Total Detroit Metropolitan Airport Fund	2,113,089,070	885,580,173	(971,123,805)	2,027,545,438	69,600,464
Willow Run Airport Fund:					
Notes payable	591,879	—	(22,514)	569,365	19,476
Total Willow Run Airport Fund	591,879	—	(22,514)	569,365	19,476
Airport Hotel Fund:					
Airport Hotel Bonds	109,120,000	—	(980,000)	108,140,000	1,200,000
Other Hotel debt	5,267,095	—	(405,640)	4,861,455	439,308
Less:					
Certain bond discounts	(1,836,790)	127,124	—	(1,709,666)	—
Total Airport Hotel Fund	112,550,305	127,124	(1,385,640)	111,291,789	1,639,308
Total long-term debt	$ 2,226,231,254	$ 885,707,297	$ (972,531,959)	$ 2,139,406,592	$ 71,259,248

Other long-term liability activity for the year ended September 30, 2011 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Detroit Metropolitan Airport Fund -					
Other accrued liabilities	$ 12,143,401	$ 933,000	$ (994,526)	$ 12,081,875	$ 3,919,119
Hedging derivative instruments	1,152,000	—	(1,152,000)	—	—
Willow Run Airport Fund -					
Other accrued liabilities	654,000	479,000	—	1,133,000	205,250
Airport Hotel Fund -					
Other accrued liabilities	1,982,888	431,755	—	2,414,643	—
Total other long-term liabilities	$ 15,932,289	$ 1,843,755	$ (2,146,526)	$ 15,629,518	$ 4,124,369

(8) Commitments and Contingencies

(a) Litigation

The Authority is a defendant in a number of lawsuits and claims that have resulted from the ordinary course of providing services. The ultimate effect on the Authority's financial statements of the resolution of these matters is, in the opinion of the Authority's counsel, not expected to be material.

(b) Construction

The estimated costs to complete Metro Airport's current capital improvement program totaled $489.7 million at September 30, 2011, which will be funded by previously issued and anticipated debt, federal grants, and passenger facility charges. Unexpended commitments on construction and professional services contracts in connection with Metro Airport's program totaled $41 million at September 30, 2011.

The estimated costs to complete Willow Run Airport's current capital improvement program totaled $154 million at September 30, 2011, which will be funded with federal and state grants. Unexpended commitments on construction and professional services contracts in connection with Willow Run Airport's program totaled $177 thousand at September 30, 2011.

(c) Environmental Matters

Environmental accruals are calculated and recorded using an expected cash flow technique applied to probabilities, ranges, and assumptions developed in response to a potential remediation liability as based on current law and existing technologies. At September 30, 2011, the Authority had accrued obligations of $5.3 million for environmental remediation and restoration costs. This is management's best estimate of the costs with respect to environmental matters; however, these estimates contain inherent uncertainties primarily due to unknown conditions, changing regulations, and developing technologies. In accordance with GASB Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, the liability has been recorded at the current value estimated using the expected cash flow technique, a probability-weighted approach. A significant portion (54%) of the recorded environmental liability is related to a consent decree and judgment issued during 1994 that identifies the Airport as one of the 14 responsible parties to the improvements to the Wayne County Downriver Sewage Disposal System (the System). Most of the remaining liability is for asbestos remediation estimates. See additional discussion on both below.

Downriver Sewage Disposal System

In 1994, the Environmental Protection Agency (EPA) and Michigan Department of Natural Resources (MDNR), through a federal court ruling, issued a mandate for environmental remediation of the System noting in their Financing Plan and Final Judgment RE: 1994 Court-Ordered Improvements, "Whereas, it is immediately necessary and imperative for the public health and welfare of the present and future residents of Wayne and the Downriver Communities that the improvements for the System required by the Consent Decree be planned, designed, acquired, constructed, and financed to service the Downriver Communities."

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The "Downriver Communities" listed as responsible parties to this decree included 13 communities as well as Metro Airport, which utilize the plant for water and sewage disposal. Total project costs were initially estimated at $230 million and financed by Wayne County (the County) through the issuance of bonds and additional State Revolving Fund (SRF) financing. Each responsible party is required to pay their allocated portion of principal and interest on the bonds and SRF bonds, as well as their portion of any subsequent debt issued to pay project costs. In August 2007, a series of completion bonds were issued to finance the estimated final costs of the project. Metro Airport has paid $5.9 million to the City of Romulus for prior year debt service as of September 30, 2011 and an additional $400 thousand to fund a bond reserve. The amounts recorded by the Authority for future debt service payments are believed to materially encompass the remaining obligation.

Asbestos Remediation

It is known that certain Metro Airport and Willow Run Airport buildings hold asbestos-containing materials (ACMs) that will need to be disposed of upon demolition of affected structures. While the pollutant is currently contained due to prior remediation efforts during the late 1980s and early 1990s, the environmental assessments have indicated that remediation will be necessary during the demolition of the affected buildings to ensure containment of the pollutants and proper disposal.

During 2010, the planned demolition of the Smith Terminal building, concourses, and observation deck was consolidated into one project slated to begin in 2017 with the removal of the hazardous material as the first action that will be taken as part of the overall project.

Preliminary assessments of the nature and extent of the material were performed by WCAA Environmental and have provided information to help develop estimated remediation costs expected over time. As of September 30, 2011, the Authority recorded asbestos-related liabilities of $1.5 million and $709 thousand at Detroit Metro and Willow Run Airports, respectively.

National Pollutant Discharge Elimination System Permit Violation

During 2006, the Authority entered into a plea agreement with the United States for a misdemeanor violation of a condition and limitation in a National Pollutant Discharge Elimination System (NPDES) Permit issued by the State of Michigan. This matter pertained to a 2001 failure to report a discharge of turbid and odorous storm water directly to the Frank and Poet Drain, a waterway that flows directly into the Detroit River, near Lake Erie. The sentence prescribed by the Federal Court includes a four-year probationary period ending in 2010 and the construction and use of a force main to connect Pond 3W at the Airport to sanitary sewer lines leading to the Detroit Water and Sewerage Department's (DWSD) treatment plant. In June 2010, the Federal Court sentenced a new probation term of three years ending in 2013. The estimated cost of the project is $10 million and the Authority has incurred $9 million to date. The project is deemed complete upon approval by DWSD that the main can and will be operated in a manner consistent with all state and federal regulatory requirements.

Additional Remediation Matters

General Motors Corporation (GM) and the Authority (as successor in interest to the Board of County Road Commissioners and the County of Wayne) are parties to a Lease of Land, dated October 11, 1985 (the "Lease"). Under the Lease, GM leases certain land at Willow Run Airport (the "Airport") upon which GM constructed and operates a water treatment plant, which it uses as an integral part of its operations of the GM transmission facility next to the Airport (the "GM Plant").

On June 1, 2009, GM filed for protection under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), and pursuant to the Bankruptcy Code, GM has the right to assume or reject the Lease. On July 5, 2009, the Bankruptcy Court authorized the sale of substantially all of GM's assets to NGMCO, Inc., a U.S. Treasury-sponsored purchaser (the "Purchaser"), and on July 10, 2009, the transfer of assets to the Purchaser occurred. GM's name now has been changed to "Motors Liquidation Company" and the Purchaser's name is now "General Motors Company."

In July 2009, GM assigned the Lease to the Purchaser. Pursuant to the Assignment and Assumption document between GM and the Purchaser, GM assigned all of its right, title, and interest in the Lease to the Purchaser, and the Purchaser accepted the assignment and assumed GM's obligations under the Lease, subject to the retention by GM of certain liabilities associated with the Lease. The liabilities to be retained by GM and not assumed by the Purchaser include, among other things, all liabilities for environmental contamination, at, under or emanating from the leased premises, all liabilities for cleanup of environmental contamination, and all liabilities for noncompliance with environmental laws. As such, once the property is returned to the Authority in the winter of 2011 and assuming GM is fully dissolved, to the extent there exists environmental remediation costs, these costs will be the responsibility of the Authority.

The Purchaser operated the facility through the expiration of the Lease agreement on February 28, 2011. On March 5, 2011, Motors Liquidation Company took over operation of the facility from the Purchaser. Motors Liquidation Company then operated the facility until March 31, 2011, at which time it transferred all of its assets to Racer Trust, which continues to occupy and operate the water treatment facility. The Authority and Racer Trust are in negotiations to establish a new agreement governing the occupancy of the facility.

Additional small environmental matters were identified during 2010, including site closure of several Willow Run fuel farms. The Authority recorded liabilities totaling $54 thousand for these items as of September 30, 2011.

(9) Employee Benefits

(a) Plan Description

The Authority provides retirement benefits to its employees through the Wayne County Employees' Retirement System (WCERS), a single-employer public employee retirement system that is governed by the Wayne County Retirement Ordinance as amended. The Retirement System provides four defined benefit retirement options, two of which are contributory and one of which is a hybrid between a defined benefit and a defined contribution (together, the Defined Benefit Plan), and a Defined Contribution Plan. The Retirement System provides retirement, survivor, and disability benefits to substantially all County and Authority employees. The Retirement Board issues separate financial statements annually. Copies of these financial statements for each plan can be obtained at 28 W. Adams, Suite 1900, Detroit, Michigan 48226. The statements are also available on their website at www.wcers.org.

The Defined Benefit Plan consists of Plan Option 1, Plan Option 2, Plan Option 3, and Plan Option 5 (collectively, the Plan) and the Defined Contribution Plan, which consists of Plan Option 4 and Plan Option 5.

In 1983, the County closed the Plan 1 option of the WCERS to new hires and added two new options under the Defined Benefit Plan, which resulted in a lower final benefit to the participant.

Effective October 1, 2001, WCERS established the Wayne County Hybrid Retirement Plan #5 (Plan Option 5), which contains both a defined benefit component and a defined contribution component. Participants in the plan options previously in existence (Plan Option 1, Plan Option 2, and Plan Option 3) could elect to transfer their account balances to Plan Option 5 between October 1, 2001 and June 30, 2002. New employees could elect to participate in Plan Option 4 through September 30, 2001. Effective October 1, 2001, only Plan Option 5 is available to new employees, except for new executives who may continue to elect participation in Plan Option 4; Plan Options 1, 2, and 3 are closed to new hires.

(b) Contributions

Participants in Plan Option 1 contribute 2.00 percent to 6.58 percent of annual compensation, depending on years of credited service. The Sheriff's command officers and deputies contribute 5.0 percent of annual compensation. Participants in Plan Option 2 do not make plan contributions, but receive a lower final benefit. Plan Option 3 participants make contributions of 3.0 percent of covered compensation and receive a lower final benefit. Participants in Plan Option 5 with 1.25/1.5 percent multiplier contribute 0 percent of covered compensation depending on the collective bargaining agreement; individuals with 2 percent multiplier contribute 0, 1, or 5 percent of pay, depending on the collective bargaining agreement.

The obligation to contribute and to maintain the Plan for these employees was established by negotiations with the County's collective bargaining units. Total Authority employer and employee contributions during the year ended September 30, 2011 were $3,357,849 and $201,466, respectively.

(Continued)

The following represents the Authority's annual pension costs as of September 30, 2011:

		Three-year trend information			
		Annual pension cost (APC)	Percentage of APC contributed		Net pension obligation
Year ended September 30:					
2009	$	3,114,227	100%	$	—
2010		2,905,248	100		—
2011		3,357,849	100		—

(c) Pension Benefits

Benefits are paid monthly over the member's or survivor's lifetime, after meeting normal retirement or duty disability retirement requirements, which vary by option, based on the following percentages of average final compensation, for each year of credited service:

Plan Option 1 – 2.65 percent for each year of service. Maximum Authority-financed portion is 75 percent of average final compensation (less workers' compensation payments). Minimum monthly pension is $5 times years of service.

Plan Option 2 – 1 percent for each year up to 20 years and 1.25 percent for each year over 20 years. Maximum Authority-financed portion is 75 percent of average final compensation.

Plan Option 3 – 1.5 percent for each year up to 20 years, 2 percent for each year between 20 and 25 years, and 2.5 percent for each year over 25 years. Maximum Authority-financed portion is 75 percent of average final compensation (less workers' compensation payments).

Plan Option 5 – 1.25 percent for each year up to 20 years and 1.5 percent for each year over 20 years. Maximum pension is 75 percent of average final compensation (less workers' compensation payments).

Death and disability benefits – The Plan also provides nonduty death and disability benefits to members after 10 years of credited service for Plan Options 1 and 5, along with nonduty disability for Plan Option 2 and nonduty death benefits for Plan Option 3. The 10-year service provision is waived for duty disability and death benefits for Plan Options 1 and 5 and duty disability for Plan Option 2.

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(d) Wayne County Employees' Retirement System Defined Contribution Plan

The Wayne County Employees' Retirement System instituted a Defined Contribution Plan (Plan Option 4 and Plan Option 5) under the County's Enrolled Ordinance No. 86-486 (November 20, 1986), as amended. The Plan was established to provide retirement, survivor, and disability benefits to County and Authority employees. The administration, management, and responsibility for the proper operation of the Plan are vested in the trustees of the Wayne County Retirement Commission.

Under Plan Option 4, the Authority contributes $4.00 for every $1.00 contributed by each member or, for eligible executives, $5.00 for every $1.00 contributed by each member, with the member contributions ranging from 1.0 percent to 2.5 percent (3 percent for employees with 20 or more years of service and 3 percent for eligible executives with 10 or more years of service) of base compensation. Employees hired prior to July 1, 1984 are eligible to transfer from the WCERS Defined Benefit Plan to the Plan through September 30, 2002.

Classified employees are vested as to employer contributions after three years of service, and executive members are vested after two years of service.

In Plan Option 4, members are able to receive loans from the Defined Contribution Plan. Only active employees with a vested account balance of $2,000 or more are eligible. Interest on the loans is at the rate of five-year Treasury notes plus 300 basis points (3 percent), rounded to the nearest quarter of a percent.

Participants in Plan Option 5 contribute 3 percent of gross pay. The Authority makes matching contributions at a rate equal to the amount contributed by each employee. Classified employees are vested at 50 percent after one year of service, 75 percent after two years of service, and 100 percent after three years of service. All full-time, permanent Authority employees are eligible to join the Plan. Those employees hired prior to July 1, 1984 were eligible to transfer from the WCERS Defined Benefit Plan to the Plan through September 30, 2002. Effective October 1, 2001, the County closed Plan Option 4 to new hires. Plan Option 5 is available to all persons hired after September 30, 2001.

The obligation to contribute and to maintain the Plan for these employees was established by negotiations with the Authority's collective bargaining units. Total Authority employer and employee contributions to the Plan during 2011 were $3,069,378 and $1,416,298, respectively.

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(10) Other Postemployment Benefits

Wayne County Airport Authority Act 149 Health Care Fund

(a) *Plan Description*

As provided for in the Authority Act, the Authority, through the County, provides hospitalization and other health insurance for retirees pursuant to agreements with various collective bargaining units or other actions of the Wayne County Board of Commissioners, the Wayne County Retirement Board, or the Authority Board. Benefits are provided to retirees under the age of 65 and their eligible dependents, and the cost of federal Medicare premiums and supplemental hospitalization is paid for retirees over 65 and their eligible dependents, as these costs are incurred by the retirees. The County also pays the cost of basic retiree life insurance, up to $5,000 per employee, on a pay-as-you-go basis. Currently, the plan has 633 members (including 485 Authority employees in active service and 148 retired Authority employees and beneficiaries currently receiving benefits who retired after September 1, 2002).

This is a single employer defined benefit plan administered by the County. The plan does not issue a separate stand-alone financial statement.

(b) *Funding Policy*

In accordance with GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* and GASB No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the Authority created in September 2008 an Act 149 Health Care Trust. This trust provides a funding mechanism for post-2002 retiree health, dental, and life insurance coverage and other postemployment benefits other than pensions. The Authority began funding the trust and fully implemented GASB Statements No. 43 and No. 45 in September 2008. Employees in Executive Service, GAA Executive, Local 502 and Local 3317 bargaining units are required to contribute 10 percent of the Blue Cross Blue Shield illustrative rate or 10 percent of the HAP premium. The Authority has no obligation to make contributions in advance of when the costs are incurred; however, the Authority's financial plan is to fund these obligations annually based upon the actuarial recommended contribution. Administrative costs of the trust are paid with employer contributions to the trust.

(c) *Funding Progress*

For the year ended September 30, 2011, the Authority has estimated the cost of providing retiree health care benefits through an actuarial valuation as of October 1, 2009. The valuation computes an annual required contribution which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	$	5,571,393
Interest on the prior year's net OPEB asset		(153,748)
Add adjustment to the annual required contribution		64,306
Annual OPEB cost		5,481,951
Amounts contributed:		
Payments of current premiums		(1,828,594)
Advance funding		(3,500,000)
Decrease in net OPEB asset		153,357
OPEB asset - beginning of year		(1,921,843)
OPEB asset - end of year	$	(1,768,486)

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB asset for the current and two preceding years were as follows:

	Fiscal Year Ended September 30		
	2009	2010	2011
Annual OPEB costs	$ 5,357,505	$ 4,803,647	$ 5,481,951
Percentage contributed	127.8%	119.1%	97.2%
Net OPEB asset	$ (1,005,153)	$ (1,921,843)	$ (1,768,486)

The funding progress of the plan as of the most recent valuation date is as follows:

Valuation as of October 1, 2009		
Actuarial value of assets	$	6,612,088
Actuarial accrued liability (AAL)	$	65,674,083
Unfunded AAL (UAAL)	$	59,061,995
Funded ratio		10.1%
Annual covered payroll		N/A
Ratio of UAAL to covered payroll		N/A

(d) ***Actuarial Methods and Assumptions***

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the October 1, 2009 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included an 8 percent investment rate of return, which is the expected long-term investment return on plan assets, a projected 3 percent salary increase, and an annual healthcare cost trend rate of 8.5 percent initially, reduced to an ultimate rate of 5 percent after seven years. The UAAL is being amortized on an open basis using the straight-line method (level percent of pay amortized annually) over 30 years.

Wayne County Health and Welfare Plan (Pre-2002)

(a) Plan Description

As provided for in the Authority Act, the Authority, through the County, provides hospitalization and other health insurance for retirees pursuant to agreements with various collective bargaining units or other actions of the Wayne County Board of Commissioners, the Wayne County Retirement Board, or the Authority Board. Benefits are provided to retirees under the age of 65 and their eligible dependents, and the cost of federal Medicare premiums and supplemental hospitalization is paid for retirees over 65 and their eligible dependents, as these costs are incurred by the retirees. The County also pays the cost of basic retiree life insurance, up to $5,000 per employee, on a pay-as-you-go basis. Currently, the plan has 3,833 members, which includes retirees for the County and the Authority who retired before September 1, 2002. The plan is closed to new members.

This is a cost-sharing, multiple-employer, defined benefit plan administered by the County. The plan does not issue a separate stand-alone financial statement.

(b) Funding Policy

The benefits of the plan are established by the various collective bargaining agreements. Employees are not required to contribute to the plan. The Authority is required to contribute 11.25 percent of incurred costs to the plan. The required and actual contributions for the current and two preceding years were as follows:

	Fiscal Year Ended September 30		
	2009	2010	2011
Required contribution	$ 3,095,546	$ 3,313,630	$ 3,180,914
Actual contribution	$ 3,095,546	$ 3,313,630	$ 3,180,914
% of required contribution made	100.0%	100.0%	100.0%

(11) Subsequent Events

On November 30, 2011, the Authority issued $169.4 million in Wayne County Airport Authority Revenue Refunding Bonds in the following amounts: Series 2011A - $152.5 million and Series 2011B - $16.9 million.

The Series 2011A Fixed Rate Refunding Bonds were issued to refund a portion of the Series 1998A Bonds. The Series 2011B Fixed Rate Refunding Bonds were issued to refund a portion of the Series 2002C Bonds.

(12) Upcoming Reporting Changes

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* This statement incorporates into GASB literature certain accounting and financial reporting guidance issued on or before November 30, 1989 that is included in FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins of the AICPA Committee on Accounting Procedure.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* The statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Once implemented, this statement will impact the format and reporting of the balance sheet.

The Authority is currently evaluating the impact these standards will have on the financial statements when adopted, during the Authority's 2013 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

Wayne County Airport Authority Act 149 Health Care Fund

The schedule of funding progress is as follows (in millions):

Actuarial Valuation Date	Actuarial Value of Assets (a)		Actuarial Accrued Liability (AAL) (b)		Unfunded AAL (UAAL) (b-a)		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
10/1/2006	$	-	$	46.9	$	46.9	0.0%	N/A	N/A
10/1/2007	$	-	$	54.6	$	54.6	0.0%	N/A	N/A
10/1/2008	$	3.1	$	52.9	$	49.8	5.9%	N/A	N/A
10/1/2009	$	6.6	$	65.7	$	59.1	10.1%	N/A	N/A

The schedule of employer contributions is as follows:

Year Ended September 30	Actuarial Valuation Date	Annual Required Contribution		Percentage Contributed
2008	10/1/2006	$	4,454,663	89.2%
2009	10/1/2007	$	5,318,912	128.7%
2010	10/1/2008	$	4,914,922	116.4%
2011	10/1/2009	$	5,571,393	95.6%

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of October 1, 2009 the latest actuarial valuation follows:

Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay amortized annually
Amortization period (open)	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	8.00%
Projected salary increases	3.00%

STATISTICAL SECTION
(UNAUDITED)

STATISTICAL SECTION

This section of the Wayne County Airport Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health.

CONTENTS

<u>Financial Trends</u> – *Exhibits S-1, S-2*

These exhibits contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.

<u>Revenue Capacity</u> – *Exhibits S-2 to S-5*

These exhibits contain information to help the reader assess the factors affecting the Authority's ability to generate revenue.

<u>Debt Capacity</u> – *Exhibits S-6 to S-8*

These exhibits present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.

<u>Demographic & Economic Information</u> – *Exhibits S-10 series*

These exhibits offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place and to help make comparisons over time with other entities. In certain instances, due to the nature of the Authority's operations, 10 years of data may not be necessary for readers to understand the Authority's environment or to make comparisons with other entities. In these instances, less than 10 years of data may be presented.

<u>Operating Information</u> – *Exhibits S-4, S-5, S-9, S-11, S-12*

These exhibits contain information about the Authority's operations and resources to help the reader understand how the Authority's financial information relates to the services the Authority provides and the activities it performs. In the case of *S-11* and *S-12* , due to the nature of the Authority's operations, 10 years of data may not be necessary for readers to understand the Authority's environment or to make comparisons with other entities. In these instances, less than 10 years of data may be presented.

<u>Sources:</u> Unless otherwise noted, the information in these exhibits is derived from the comprehensive annual financial reports of the relevant year.

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-1

Annual Revenues, Expenses, and Changes in Net Assets

(Unaudited)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Operating revenues:										
Airport landing and related fees	$ 69,099,578	70,172,024	60,059,740	84,607,837	59,512,753	60,738,124	73,872,334	89,178,691	82,583,060	81,393,972
Concession fees	50,575,848	47,974,977	48,424,882	51,851,089	50,242,144	47,350,937	44,496,491	42,569,958	41,654,131	36,672,705
Parking fees	54,145,257	48,309,486	49,911,261	58,682,741	58,858,882	53,026,292	46,003,468	38,842,280	32,806,472	29,857,939
Hotel	29,372,498	26,828,936	23,246,792	31,496,580	33,382,432	30,535,204	29,213,232	24,834,017	10,834,274	—
Rental facilities	96,449,901	91,822,952	90,110,146	53,748,737	53,145,882	48,582,712	46,009,056	39,266,093	40,225,929	32,819,038
Expense recoveries	5,010,457	4,445,747	4,535,773	4,721,175	4,249,853	3,729,632	3,821,869	3,484,448	2,937,840	7,218,512
Other	6,406,295	7,542,765	4,470,468	5,603,796	7,121,369	9,041,090	7,971,371	5,615,349	9,906,586	1,583,487
Total operating revenues	311,059,834	297,096,887	280,759,062	290,711,955	266,513,315	253,003,991	251,387,821	243,790,836	220,948,292	189,545,653
Nonoperating revenues:										
Passenger facility charges	62,197,495	60,305,754	59,711,453	68,202,594	70,754,074	67,831,365	70,694,871	67,901,716	63,370,379	61,055,997
Federal and state grants	1,326,034	1,264,891	1,089,499	2,192,613	5,962,547	12,110,868	15,673,226	10,065,228	8,478,808	6,318,972
Interest income and other	3,390,214	5,021,589	7,310,241	28,603,234	46,903,106	43,339,574	19,695,210	7,174,260	6,520,467	10,490,990
Total nonoperating revenues	66,913,743	66,592,234	68,111,193	98,998,441	123,619,727	123,281,807	106,063,307	85,141,204	78,369,654	77,865,959
Total revenues	377,973,577	363,689,121	348,870,255	389,710,396	390,133,042	376,285,798	357,451,128	328,932,040	299,317,946	267,411,612
Operating expenses:										
Salaries, wages, and fringe benefits	71,489,016	70,060,439	75,098,962	77,942,240	72,396,333	68,648,870	66,623,493	62,191,329	61,418,718	60,681,158
Parking management	6,794,062	6,504,949	7,082,235	8,905,534	10,325,232	9,754,453	10,647,259	9,726,476	15,757,657	15,594,154
Hotel management	22,644,120	20,032,541	18,693,537	23,032,852	24,054,417	22,271,550	21,870,313	19,671,787	12,687,714	—
Janitorial services	11,164,616	10,988,244	10,599,304	2,422,889	2,433,551	2,047,401	2,010,248	3,436,194	5,483,889	5,353,722
Security	2,401,473	2,293,067	2,657,120	2,757,886	3,433,065	3,501,437	3,462,682	3,324,401	3,770,824	3,524,907
Utilities	24,886,104	26,691,836	27,700,377	30,429,231	26,570,574	23,021,456	21,827,924	20,303,099	19,947,988	14,097,712
Repairs, professional services, and other	79,689,990	74,617,012	69,556,874	84,887,031	75,042,299	78,310,637	83,477,087	89,905,438	71,012,644	61,713,586
Depreciation	142,754,436	146,151,075	146,151,805	129,574,853	121,087,982	115,853,648	103,631,906	100,235,010	96,882,107	62,288,793
Total operating expenses	361,823,817	357,339,163	357,540,214	359,952,516	335,343,453	323,409,452	313,550,912	308,793,734	286,961,541	223,254,032
Nonoperating expenses:										
Interest expense	91,549,044	105,913,828	116,392,802	94,925,971	105,855,656	106,822,360	92,389,419	83,572,858	87,293,710	63,677,112
Loss on disposal of assets	—	—	1,104,513	6,214,429	317,452	42,544	—	—	—	—
Amortization of bond issuance costs	1,902,952	2,161,678	1,942,959	2,315,453	2,267,001	2,294,476	2,105,484	1,857,822	1,582,619	1,821,609
Total nonoperating expenses	93,451,996	108,075,506	119,440,274	103,455,853	108,440,109	109,159,380	94,494,903	85,430,680	88,876,329	65,498,721
Total expenses	455,275,813	465,414,669	476,980,488	463,408,369	443,783,562	432,568,832	408,045,815	394,224,414	375,837,870	288,752,753
Capital contributions	17,750,671	29,137,352	36,318,566	54,816,676	66,212,355	39,806,394	39,938,986	60,334,091	26,386,612	40,240,519
Change in net assets	$ (59,551,565)	(72,588,196)	(91,791,667)	(18,881,297)	12,561,835	(16,476,640)	(10,655,701)	(4,958,283)	(50,133,312)	18,899,378
Net assets at year end composed of:										
Invested in capital assets, net of related debt	86,906,586	120,302,294	151,759,863	170,385,938	131,815,887	180,192,710	235,042,203	369,007,593	439,424,598	485,901,921
Restricted	322,488,477	358,386,114	405,007,255	430,322,283	471,545,803	384,747,891	386,024,617	273,179,286	217,328,386	212,937,645
Unrestricted	56,085,769	46,343,989	40,853,475	37,745,179	53,973,007	79,832,261	99,185,995	88,721,637	79,113,815	87,160,545
Total net assets	$ 465,480,832	525,032,397 [2]	597,620,593	638,453,400	657,334,697	644,772,862 [1]	720,252,815	730,908,516	735,866,799	786,000,111

[1] In 2006, the Authority restated beginning net assets to $661,249,502. This amount less the 2006 decrease in net assets is used to arrive at ending net assets.

[2] In 2010, the Authority restated beginning net assets by $50,958,860. This amount less the increase/decrease in net assets is used to arrive at ending net assets.

Source: Audited Financial Statements of the Wayne County Airport Authority.

See accompanying independent auditor's report.

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-2

Principal Revenue Sources and Revenues per Enplaned Passenger

(Unaudited)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Airline revenues:										
Airport landing and related fees	$ 69,099,578	$ 70,172,024	$ 60,059,740	$ 84,607,837	$ 59,512,753	$ 60,738,124	$ 73,872,334	$ 89,178,691	$ 82,583,060	$ 81,249,265
Terminal building rentals and fees	74,347,911	71,852,635	67,703,125	28,972,704	28,621,629	26,992,072	25,831,713	24,992,399	26,155,830	20,197,400
Facility use fees	7,143,733	6,302,145	6,468,964	8,159,193	7,962,948	7,073,579	7,568,033	6,460,040	6,269,348	6,286,812
Total airline revenues	150,591,222	148,326,804	134,231,829	121,739,734	96,097,330	94,803,775	107,272,080	120,631,130	115,008,238	107,733,477
Percentage of total revenues	39.8%	40.8%	38.5%	31.2%	24.6%	25.2%	30.0%	36.7%	38.4%	40.3%
Non-Airline revenues:										
Parking fees	54,145,257	48,309,486	49,911,261	58,682,741	58,858,882	53,026,292	46,003,468	38,842,280	32,806,472	29,857,939
Concession fees	31,592,316	30,702,401	30,885,107	30,358,313	29,382,953	28,175,773	26,415,027	25,846,018	25,893,985	19,946,606
Car rental	18,983,532	17,272,576	17,539,775	21,492,776	20,859,191	19,175,164	18,081,464	16,723,940	15,760,146	16,210,970
Hotel	29,372,498	26,828,936	23,246,792	31,496,580	33,382,432	30,535,204	29,213,232	24,834,017	10,834,274	—
Employee shuttle bus	5,869,315	5,467,240	5,655,355	5,773,430	5,253,731	4,959,535	5,331,254	4,544,805	5,860,035	3,300,585
Ground transportation	4,944,291	4,738,700	6,510,045	7,055,550	7,394,349	5,911,719	4,134,289	1,110,046	504,500	409,044
Utility service fees	5,010,457	4,445,747	4,535,773	4,721,175	4,249,853	3,729,632	3,821,869	3,484,448	2,937,840	2,490,199
Rental facilities	4,144,651	3,462,232	3,772,657	3,787,860	3,913,225	3,645,807	3,143,767	2,819,528	1,940,716	3,127,795
Other	6,406,295	7,542,765	4,470,468	5,603,796	7,121,369	9,041,090	7,971,371	4,954,624	9,402,086	6,469,038
Total non-airline revenues	160,468,612	148,770,083	146,527,233	168,972,221	170,415,985	158,200,216	144,115,741	123,159,706	105,940,054	81,812,176
Percentage of total revenues	42.5%	40.9%	42.0%	43.4%	43.7%	42.0%	40.3%	37.4%	35.4%	30.6%
Nonoperating revenues:										
Passenger facility charges	62,197,495	60,305,754	59,711,453	68,202,594	70,754,074	67,831,365	70,694,871	67,901,716	63,370,379	61,055,997
Federal and state grants	1,326,034	1,264,891	1,089,499	2,192,613	5,962,547	12,110,868	15,673,226	10,065,228	8,478,808	6,318,972
Interest	3,241,109	4,941,344	7,310,241	28,082,306	45,948,105	43,328,283	19,194,846	7,174,260	6,520,467	10,490,990
Other	149,105	80,245	—	520,928	955,001	11,291	500,364	—	—	—
Total nonoperating revenues	66,913,743	66,592,234	68,111,193	98,998,441	123,619,727	123,281,807	106,063,307	85,141,204	78,369,654	77,865,959
Percentage of total revenues	17.7%	18.3%	19.5%	25.4%	31.7%	32.8%	29.7%	25.9%	26.2%	29.1%
Total revenues	$ 377,973,577	363,689,121	$ 348,870,255	$ 389,710,396	$ 390,133,042	$ 376,285,798	$ 357,451,128	$ 328,932,040	$ 299,317,946	$ 267,411,612
Enplaned passengers	16,226,201	15,876,381	15,941,132	17,831,231	18,108,090	17,799,932	18,286,282	17,316,780	16,278,233	15,592,557
Total revenue per enplaned passenger	$ 23.29	22.91	21.88	21.86	21.54	21.14	19.55	18.99	18.39	17.15
Airline revenue per enplaned passenger	9.28	9.34	8.42	6.83	5.31	5.33	5.87	6.97	7.07	6.91

Source: Audited Financial Statements of the Wayne County Airport Authority.

See accompanying independent auditor's report.

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-3

Airlines Rates and Charges **

(Unaudited)

		2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Landing Fees:											
Signatory Airlines [1]	$	3.26	3.44	2.83	3.58	2.37	2.49	2.74	3.74	3.44	3.32
Non-Signatory Airlines [2]		4.08	4.30	3.39	3.79	3.01	4.21	3.97	4.64	4.08	4.13
General Aviation [3]		1.50	1.50	1.50	1.50	1.50	1.50	1.38	1.00	0.75	0.50
Facility Use Fees:											
South Terminal	$	5.00	5.00	5.00	4.50	4.50	4.50	4.50	4.50	4.50	4.50
North Terminal		5.00	5.00	5.00	—	—	—	—	—	—	—
Smith/Berry Terminals		—	—	—	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Terminal Rental Rates (per SF per year):											
Office Space – Airline	$	—	—	—	19.71	19.71	19.71	19.71	19.71	17.92	17.92
South Terminal - Signatory Airlines [1]		57.70	54.51	52.00	—	—	—	—	—	—	—
South Terminal - Non-Signatory Airlines		69.00	68.00	60.00	—	—	—	—	—	—	—
North Terminal - Signatory Airlines [1]		51.20	65.17	61.00	—	—	—	—	—	—	—
North Terminal - Non-Signatory Airlines		78.00	88.00	71.00	—	—	—	—	—	—	—
Cargo Building/Warehouse		8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	7.00
Aircraft Ramp		0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96	1.00	0.88
Unimproved Land		0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.32	0.29
Electric		4.67	4.67	1.24	1.24	1.24	1.24	1.24	1.24	1.20	1.17

** The revenue bases to which these rates are applied and their principal payers can be found in Schedules S-2 and S-4.

[1] Calculated pursuant to the formulas set forth in the Airport Use and Lease Agreement. The agreement provides the calculation of the annual landing fee and terminal rental rates, with rate adjustments at mid-year, if required.

[2] Average billed rate per 1,000 lbs. MGLW.

[3] General aviation rates are charged at Willow Run Airport only and represent an average of the tiered rates applied per 1,000 lbs. MGLW.

Note: Beginning in 2010, the airlines' rates and charges are presented based on the rates effective at year end.

Source: WCAA Finance Department Records

See accompanying independent auditor's report.

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-4

Airline Landed Weights

(in thousands of pounds)

(Unaudited)

Detroit Metropolitan Airport

Airline[1]	2011 Landed weights	2011 Share	2010 Landed weights	2010 Share	2009 Landed weights	2009 Share	2008 Landed weights	2008 Share
Northwest/Delta Air Lines[2]	10,153,498	48.5%	10,369,432	51.4%	11,333,666	54.0%	13,604,011	58.2%
Pinnacle	2,743,336	13.1	2,817,713	14.0	2,616,584	12.5	2,516,756	10.8
Northwest/Delta (Comair)[2]	1,115,580	5.3	669,929	3.3	187,696	0.9	125,020	0.5
Mesaba	872,731	4.2	1,202,839	6.0	1,484,510	7.1	1,118,993	4.8
Northwest/Delta (Atlantic Southeast)[2]	795,381	3.8	104,058	0.5	1,474	0.0	64,185	0.3
Spirit Airlines	752,623	3.6	637,083	3.2	690,048	3.3	925,981	4.0
Southwest Airlines	732,074	3.5	668,576	3.3	706,040	3.4	833,750	3.6
US Airways	422,444	2.0	380,154	1.9	377,506	1.8	397,966	1.7
Federal Express	409,567	2.0	361,807	1.8	374,202	1.8	477,212	2.0
Northwest/Delta (Compass)[2]	371,436	1.8	438,616	2.2	596,054	2.8	173,768	0.7
American Airlines	318,885	1.5	312,306	1.5	399,070	1.9	506,633	2.2
AirTran Airways	241,608	1.2	225,504	1.1	240,496	1.1	240,128	1.0
American (American Eagle	180,815	0.9	193,235	1.0	155,625	0.7	107,737	0.5
United Parcel Service	171,832	0.8	171,234	0.8	171,687	0.8	195,473	0.8
Continental Airlines	168,642	0.8	174,752	0.9	233,049	1.1	254,628	1.1
Lufthansa	147,477	0.7	142,243	0.7	174,062	0.8	243,753	1.0
Air France	146,476	0.7	138,582	0.7	122,641	0.6	114,617	0.5
Frontier	143,844	0.7	126,776	0.6	140,742	0.7	147,774	0.6
United Airlines	73,693	0.4	64,056	0.3	161,068	0.8	317,477	1.4
Continental Express	70,638	0.3	93,195	0.5	76,524	0.4	85,836	0.4
KLM	—	—	—	—	74,970	0.4	80,214	0.3
British Airways	—	—	—	—	—	—	107,202	0.5
United (Air Canada)	—	—	—	—	—	—	28,994	0.1
Aeromexico	—	—	—	—	—	—	9,432	0.0
Independence Air	—	—	—	—	—	—	—	—
American Trans Air	—	—	—	—	—	—	—	—
Trans World Airlines	—	—	—	—	—	—	—	—
Atlantic Coast Air	—	—	—	—	—	—	—	—
Other[3]	891,133	4.2	875,175	4.3	686,932	3.1	681,370	3.0
Total	20,923,713	100.0%	20,167,265	100.0%	21,004,646	100.0%	23,358,910	100.0%

[1] Signatory Affiliate Airlines are associated based on 2011 affiliations and shown in parentheses to major carrier name.
All historical landed weights for these affiliates are shown on one line regardless of prior affiliation

[2] Northwest Airlines merged with and into Delta Air Lines on December 31, 2009 and for comparative purposes, are shown as one on this repo

[3] Includes airlines no longer serving Detroit Metro or carriers with insignificant activity.

Source: WCAA Finance Department Records

See accompanying independent auditor's report.

(Continued)

Detroit Metropolitan Airport

2007		2006		2005		2004		2003		2002	
Landed weights	Share	Landed weights	Share	Landed weights	Share	Landed weights	Share	Landed weights	Share	Landed weights	Share
14,856,034	61.0%	14,723,198	61.1%	16,766,206	64.8%	16,892,256	66.7%	16,247,175	66.0%	16,640,170	67.1%
2,402,170	9.9	2,227,894	9.2	2,186,581	8.4	1,757,142	6.9	1,246,064	5.0	661,337	2.7
137,273	0.6	137,285	0.6	191,421	0.7	189,889	0.8	185,601	0.8	141,658	0.6
679,531	2.8	1,371,475	5.7	1,818,552	7.0	1,583,408	6.3	1,805,442	7.3	2,209,367	8.9
44,137	0.2	40,937	0.2	12,220	—	21,929	0.1	10,951	0.1	30,691	0.1
1,116,697	4.6	952,127	3.9	877,491	3.4	937,300	3.7	943,670	3.8	761,410	3.1
883,222	3.6	656,164	2.7	648,992	2.5	658,960	2.6	662,963	2.7	720,982	2.9
435,733	1.8	393,666	1.6	454,692	1.8	548,455	2.2	637,774	2.5	684,677	2.7
525,479	2.2	482,405	2.0	479,467	1.9	493,409	1.9	480,983	1.9	488,667	2.0
—	—	—	—	—	—	—	—	—	—	—	—
538,336	2.2	548,634	2.3	621,399	2.4	701,026	2.8	805,564	3.3	804,060	3.2
302,472	1.2	237,816	1.0	—	—	—	—	—	—	—	—
116,715	0.5	93,732	0.4	43,656	0.2	—	—	—	—	—	—
204,976	0.8	211,295	0.9	195,519	0.8	193,016	0.8	183,217	0.7	185,364	0.7
259,645	1.1	276,009	1.1	286,972	1.1	298,145	1.2	373,464	1.5	387,994	1.6
229,272	0.9	150,863	0.6	151,089	0.6	155,152	0.6	147,460	0.6	10,650	—
116,552	0.5	119,720	0.5	44,044	0.2	—	—	—	—	—	—
152,353	0.6	116,166	0.5	36,220	0.1	—	—	—	—	—	—
339,795	1.4	335,201	1.4	334,306	1.3	491,974	1.9	496,162	2.0	480,179	1.9
93,465	0.4	96,004	0.4	92,214	0.4	96,519	0.4	81,539	0.3	80,754	0.3
—	—	—	—	—	—	—	—	115,368	0.5	75,124	0.3
209,479	0.9	118,431	0.5	153,285	0.6	150,523	0.6	107,573	0.4	111,439	0.4
28,960	0.1	29,070	0.1	27,443	0.1	33,957	0.1	29,908	0.1	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	16,262	0.1	105,750	0.4	14,570	0.1	—	—	—	—
—	—	—	—	—	—	10,396	0.0	68,727	0.3	126,537	0.5
—	—	—	—	—	—	—	—	—	—	61,860	0.2
—	—	—	—	—	—	60,511	0.2	75,159	0.2	73,309	0.3
684,407	2.7	775,286	3.2	359,736	1.3	19,173	0.1	—	—	46,668	0.5
24,356,703	100.0%	24,109,640	100.0%	25,887,255	100.0%	25,307,710	100.0%	24,704,764	100.0%	24,782,897	100.0%

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-5

Enplaned Passengers

(Unaudited)

	Detroit Metropolitan Airport									
	2011		2010		2009		2008		2007	
Airline [1]	Passenger enplanements	Share	Passenger enplanements	Share	Passenger enplanements	Share	Passenger enplanements	Share	Passenger enplanements	Share
Domestic:										
AirTran Airways	202,162	1.25%	201,664	1.27%	219,085	1.37%	216,149	1.21%	239,410	1.32%
America West	—	—	—	—	—	—	—	—	241,961	1.34
American (AA Eagle)	154,136	0.95	161,692	1.02	125,766	0.79	85,637	0.48	91,529	0.51
American Airlines	275,990	1.70	284,813	1.79	346,775	2.18	442,012	2.48	443,530	2.45
American Trans Air (ATA)	—	—	—	—	—	—	—	—	—	—
Champion Air	—	—	—	—	—	—	—	—	34,462	0.19
Continental (ExpressJet)	59,888	0.37	86,581	0.55	63,765	0.40	63,856	0.36	70,559	0.39
Continental Airlines	150,106	0.93	150,053	0.95	193,026	1.21	210,747	1.18	219,751	1.21
Northwest/Delta (Atlantic Southeast) [2]	650,836	4.01	83,690	0.53	1,289	0.01	58,351	0.33	37,242	0.21
Northwest/Delta (Comair) [2]	945,095	5.82	540,781	3.41	145,990	0.92	90,839	0.51	94,044	0.52
Northwest/Delta (Compass) [2]	312,578	1.93	340,262	2.14	439,785	2.76	144,644	0.81	—	—
Northwest/Delta (Mesaba Aviation) [2]	721,808	4.45	949,610	5.98	1,042,785	6.54	811,681	4.55	457,948	2.53
Northwest/Delta (Pinnacle) [2]	2,254,208	13.89	2,186,627	13.77	2,066,229	12.96	2,043,385	11.46	1,915,685	10.58
Northwest/Delta (Shuttle America) [2]	85,863	0.53	4,462	0.03	10,599	0.07	36,813	0.21	—	—
Northwest/Delta Airlines [2]	6,651,576	40.98	7,328,799	46.15	7,894,790	49.52	9,555,525	53.59	10,324,808	57.02
Frontier	140,291	0.86	117,044	0.74	117,396	0.74	126,580	0.71	121,456	0.67
Independence Air	—	—	—	—	—	—	—	—	—	—
Ryan International	—	—	—	—	—	—	—	—	—	—
Southwest Airlines	611,582	3.77	553,612	3.49	523,304	3.28	595,944	3.34	606,113	3.35
Spirit Airlines	703,335	4.33	558,596	3.52	591,150	3.71	802,424	4.50	933,029	5.15
Trans Meridian	—	—	—	—	—	—	—	—	—	—
Trans World Airlines	—	—	—	—	—	—	—	—	—	—
United (Atlantic Coast)	—	—	—	—	—	—	—	—	—	—
United (GoJet)	57,089	0.35	66,206	0.42	56,837	0.36	—	—	—	—
United (Mesa)	19,733	0.12	29,999	0.19	47,908	0.30	43,380	0.24	57,546	0.32
United (Skywest)	25,264	0.16	68,400	0.43	31,407	0.20	24,640	0.14	36,475	0.20
United Airlines	45,605	0.28	36,467	0.23	94,542	0.59	239,332	1.34	263,054	1.45
US Airways	340,664	2.10	303,451	1.91	313,774	1.97	331,934	1.86	100,860	0.56
US Airways (Air Wisconsin)	81,860	0.50	76,414	0.48	95,658	0.60	104,993	0.59	83,203	0.46
US Airways (Mesa)	19,074	0.12	22,387	0.14	22,640	0.14	47,464	0.27	—	—
US Airways (PSA)	5,990	0.04	5,860	0.04	15,747	0.10	38,059	0.21	17,035	0.09
US Airways (Republic)	111,361	0.69	112,838	0.71	74,785	0.47	23,992	0.13	—	—
USA 3000	153	—	2,226	0.01	19,823	0.12	79,304	0.44	67,516	0.37
Other [3]	286,285	1.76	341,511	2.15	67,536	0.43	53,443	0.31	124,106	0.68
Total Domestic	14,912,532	91.89	14,614,045	92.05	14,622,391	91.74	16,271,128	91.25	16,581,322	91.57
International:										
Aeromexico	—	—	—	—	2,053	0.01	5,942	0.03	—	—
Air Canada	12,340	0.08	6,875	0.04	5,956	0.04	13,678	0.08	13,085	0.07
Air France	76,568	0.47	70,685	0.45	55,233	0.35	45,947	0.26	48,355	0.27
Airtran	11,436	0.07	5,849	0.04	271	—	—	—	—	—
British Airways	—	—	—	—	—	—	20,491	0.11	47,472	0.26
Compass	—	—	13,301	0.08	26,608	0.17	—	—	—	—
KLM-Royal Dutch Airlines	—	—	—	—	40,196	0.25	41,753	0.23	—	—
Lufthansa	67,952	0.42	65,568	0.41	72,884	0.46	102,121	0.57	98,008	0.54
Mesaba Aviation	67	—	19,583	0.12	45,248	0.28	37,906	0.21	37,538	0.21
Northwest/Delta Air Lines	1,065,984	6.57	921,973	5.81	1,009,773	6.33	1,204,927	6.76	1,174,843	6.49
Northwest/Delta (Comair)	—	—	20,851	0.13	—	—	—	—	—	—
Northwest/Delta (Pinnacle)	44,711	0.28	97,518	0.61	—	—	—	—	—	—
Royal Jordanian Airlines	14,051	0.09	15,258	0.10	14,822	0.09	16,434	0.09	14,150	0.08
Spirit Airlines	15,579	0.10	12,274	0.08	16,928	0.11	19,464	0.11	20,146	0.11
US Airways	1,493	0.01	1,997	0.01	1,853	0.01	—	—	—	—
Other [3]	3,488	0.02	10,604	0.07	26,916	0.16	51,440	0.30	73,171	0.40
Total International	1,313,669	8.11	1,262,336	7.95	1,318,741	8.26	1,560,103	8.75	1,526,768	8.43
Grand Total	16,226,201	100.00%	15,876,381	100.00%	15,941,132	100.00%	17,831,231	100.00%	18,108,090	100.00%

[1] Signatory Affiliate Airlines are associated based on 2011 affiliations and shown in parentheses to major carrier name.

All historical enplanements for these affiliates are shown on one line regardless of prior affiliations.

[2] Northwest Airlines merged with and into Delta Air Lines on December 31, 2009 and for comparative purposes, are shown as one in this report.

[3] Includes airlines no longer serving Detroit Metro or carriers with insignificant activity.

Source: WCAA Finance Department Records

See accompanying independent auditor's report.

(Continued)

Detroit Metropolitan Airport

2006		2005		2004		2003		2002	
Passenger enplanements	Share	Passenger enplanements	Share	Passenger enplanements	Share	Passenger enplanements	Share	Passenger enplanements	Share
182,972	1.03%	—	—	—	—	—	—	—	—
259,600	1.46	267,776	1.46%	215,539	1.24%	217,906	1.34%	199,768	1.28%
73,918	0.42	32,203	0.18	—	—	—	—	—	—
440,680	2.48	471,863	2.58	446,589	2.58	497,564	3.06	475,390	3.05
—	—	—	—	8,027	0.05	39,887	0.25	48,937	0.31
34,055	0.19	31,283	0.17	31,195	0.18	35,235	0.22	80,880	0.52
73,606	0.41	62,265	0.34	63,440	0.37	52,790	0.32	49,349	0.32
226,707	1.27	226,260	1.24	234,109	1.35	259,989	1.60	290,999	1.87
32,646	0.18	8,316	0.05	4,867	0.03	5,324	0.03	16,689	0.11
91,216	0.51	108,322	0.59	103,012	0.59	115,244	0.71	97,492	0.63
—	—	—	—	—	—	—	—	—	—
900,785	5.06	1,108,615	6.06	973,875	5.62	1,032,906	6.35	1,149,931	7.37
1,663,236	9.34	1,477,582	8.08	1,201,651	6.94	798,915	4.91	415,887	2.67
33,902	0.19	4,385	0.02	—	—	—	—	—	—
10,207,929	57.35	10,915,338	59.69	10,654,864	61.53	9,951,780	61.11	9,711,699	62.28
91,097	0.51	28,184	0.15	—	—	—	—	—	—
13,445	0.08	74,496	0.41	6,378	0.04	—	—	—	—
372	—	—	—	11,400	0.07	1,037	0.01	528	—
496,693	2.79	461,535	2.52	449,778	2.60	414,123	2.54	442,169	2.84
781,652	4.39	793,510	4.34	854,526	4.93	873,055	5.36	664,250	4.26
—	—	25,488	0.14	14,958	0.09	—	—	—	—
—	—	—	—	—	—	—	—	27,932	0.18
—	—	—	—	44,199	0.26	56,463	0.35	50,636	0.32
—	—	—	—	—	—	—	—	—	—
55,148	0.31	70,388	0.38	—	—	—	—	—	—
39,041	0.22	11,609	0.06	—	—	—	—	—	—
275,380	1.55	266,825	1.46	354,429	2.05	340,115	2.09	322,979	2.07
56,900	0.32	91,892	0.50	193,798	1.12	224,041	1.38	262,968	1.69
89,264	0.50	748	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
66,631	0.37	53,283	0.29	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
66,277	0.37	52,788	0.29	34,099	0.20	432	—	—	—
68,660	0.40	113,467	0.64	14,149	0.06	335	—	19,373	0.12
16,321,812	91.70	16,758,421	91.64	15,914,882	91.90	14,917,141	91.63	14,327,856	91.89
—	—	—	—	—	—	—	—	—	—
14,899	0.08	13,921	0.08	13,746	0.08	13,996	0.09	17,285	0.11
50,466	0.28	19,174	0.10	—	—	—	—	—	—
—	—	—	—	1,684	0.01	20,928	0.13	47,633	0.31
55,403	0.31	59,658	0.33	59,507	0.34	51,600	0.32	51,164	0.33
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	60,897	0.37	42,444	0.27
67,305	0.38	70,372	0.38	74,608	0.43	70,087	0.43	63,576	0.41
32,103	0.18	36,362	0.20	22,787	0.13	16,987	0.10	19,369	0.12
1,138,025	6.39	1,199,496	6.56	1,100,843	6.36	1,037,952	6.38	973,201	6.24
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
16,028	0.09	14,581	0.08	10,369	0.06	6,220	0.04	3,398	0.02
16,671	0.09	—	—	—	—	1,276	0.01	—	—
—	—	—	—	—	—	—	—	—	—
87,220	0.50	114,297	0.63	118,354	0.69	81,149	0.50	46,631	0.30
1,478,120	8.30	1,527,861	8.36	1,401,898	8.10	1,361,092	8.37	1,264,701	8.11
17,799,932	100.00%	18,286,282	100.00%	17,316,780	100.00%	16,278,233	100.00%	15,592,557	100.00%

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-6

Debt Service Detail

(Unaudited)

Detroit Metropolitan and Willow Run Airports

		2011		2010		2009		2008		2007	
		Principal	**Interest [1]**	**Principal**	**Interest [1]**	**Principal**	**Interest [1]**	**Principal**	**Interest [1]**	**Principal**	**Interest [1]**
Airport Revenue Bonds:											
Series 1990A	$	—	—	—	—	—	—	—	—	—	—
Series 1990B		—	—	—	—	—	—	—	—	—	—
Series 1991A		—	—	—	—	—	—	—	—	—	—
Series 1991B		—	—	—	—	—	—	—	—	—	—
Series 1993A		—	—	—	—	—	—	—	—	—	—
Series 1993B		—	—	—	—	—	—	—	—	—	—
Series 1993C		—	—	—	—	—	—	—	—	—	—
Series 1994A		—	—	—	—	2,975,000	29,131	3,020,000	204,352	3,070,000	381,627
Series 1994B		—	—	—	—	—	—	—	—	—	—
Series 1996A		—	—	—	—	39,710,000	—	3,300,000	3,026,299	3,100,000	2,258,438
Series 1996B		—	—	—	—	39,710,000	—	3,300,000	3,075,232	3,100,000	2,265,728
Series 1998A		523,050,000	13,903,092	21,400,000	36,492,050	20,280,000	37,614,200	19,195,000	38,719,655	18,195,000	39,756,688
Series 1998B		13,885,000	119,395	4,085,000	752,119	3,890,000	960,013	124,705,000	1,133,787	3,560,000	7,386,740
Series 2001 Jr. Lien		—	—	—	—	—	8,956,732	52,965,000	743,403	18,580,000	2,080,789
Series 2002A		—	—	—	—	—	—	141,720,000	843,758	—	5,285,612
Series 2002C		130,000	1,357,673	125,000	1,362,839	120,000	1,367,806	115,000	1,372,573	110,000	1,377,139
Series 2002D		4,005,000	3,089,613	3,800,000	3,289,738	3,630,000	3,487,750	3,435,000	3,676,619	3,270,000	3,855,513
Series 2003A-1		—	—	—	—	—	—	75,000,000	3,048,146	—	2,840,173
Series 2003A-2		—	—	—	—	—	—	75,000,000	2,859,421	—	2,838,896
Series 2003A-3		—	—	—	—	—	—	64,975,000	2,314,922	—	2,467,024
Series 2003B		—	—	—	—	—	—	65,000,000	2,440,830	3,450,000	2,354,989
Series 2003C		—	—	—	—	—	—	44,375,000	1,594,832	3,425,000	1,506,226
Series 2004		—	—	—	—	—	—	10,800,000	465,882	400,000	439,732
Series 2005		10,080,000	24,835,425	9,590,000	25,332,592	—	25,718,425	—	25,718,425	—	25,718,425
Series 2007A Jr. Lien		—	8,956,733	—	8,956,733	—	8,956,733	—	8,920,544	—	2,549,050
Series 2007B		—	5,742,850	—	5,742,850	—	5,742,850	—	5,152,612	—	—
Series 2008A		4,955,000	7,108,292	4,895,000	7,355,542	2,580,000	7,796,648	—	2,994,129	—	—
Series 2008B		196,450,000	105,706	4,800,000	658,931	—	2,884,226	—	1,323,247	—	—
Series 2008C		81,250,000	453,996	4,715,000	2,336,011	3,470,000	3,629,604	—	980,225	—	—
Series 2008D		33,375,000	222,333	3,800,000	1,154,563	2,500,000	1,708,255	—	495,441	—	—
Series 2008E		33,340,000	267,251	3,725,000	1,736,496	300,000	2,317,172	—	—	—	—
Series 2008F		33,375,000	266,992	3,730,000	1,705,727	300,000	2,280,328	—	—	—	—
Series 2009A		—	—	9,000,000	36,125	—	1,559	—	—	—	—
Series 2010A		—	7,631,310	—	—	—	—	—	—	—	—
Series 2010B		—	316,509	—	—	—	—	—	—	—	—
Series 2010C		—	7,088,049	—	—	—	—	—	—	—	—
Series 2010D		—	997,163	—	—	—	—	—	—	—	—
Series 2010E-1		—	128,462	—	—	—	—	—	—	—	—
Series 2010E-2		—	121,786	—	—	—	—	—	—	—	—
Series 2010F		—	192,729	—	—	—	—	—	—	—	—
Series 2010G		—	1,031,784	—	—	—	—	—	—	—	—
Installment Purchase Contracts		2,253,902	257,251	2,245,693	378,987	2,018,534	490,406	1,724,791	452,981	1,540,000	455,531
Willow Run Notes Payable:											
Washtenaw County		19,476	—	19,475	—	19,475	—	19,475	—	19,476	—
University of Michigan		3,038	37,186	8,144	32,081	5,492	34,733	7,162	33,064	5,352	34,872
Less: Bond Refundings [2]		(866,085,000)	—	—	—	(74,770,000)	—	(590,355,000)	—	—	—
Totals	$	70,086,416	84,231,580	75,938,312	97,323,384	46,738,501	113,976,571	98,301,428	111,590,379	61,824,828	105,853,192

Airport Hotel

		2011		2010		2009		2008		2007	
		Principal	**Interest [1]**	**Principal**	**Interest [1]**	**Principal**	**Interest [1]**	**Principal**	**Interest [1]**	**Principal**	**Interest [1]**
Airport Hotel Bonds:											
Series 2001A	$	—	5,089,375	—	5,089,375	—	5,089,375	—	5,089,375	—	5,089,375
Series 2001B		980,000	566,905	765,000	624,908	590,000	669,745	210,000	701,590	135,000	713,440
Other Hotel Debt:											
Capital/FF&E Reserve Loan		405,640	286,708	374,553	317,796	345,848	346,501	319,342	373,006	223,341	361,738
Working Capital Loan		—	120,000	—	120,000	—	120,000	—	120,000	—	120,467
Totals	$	1,385,640	6,062,988	1,139,553	6,152,079	935,848	6,225,621	529,342	6,283,971	358,341	6,285,020

[1] Interest does not include adjustments for capitalized interest, amortization of issuance costs, discount, premium, or refunding costs, and arbitrage.

[2] Amount of debt service paid through issuance of refunding bonds.

Source: WCAA Finance Department Records

See accompanying independent auditor's report.

(Continued)

Detroit Metropolitan and Willow Run Airports

2006		2005		2004		2003		2002	
Principal	Interest [1]	Principal	Interest [1]	Principal	Interest [1]	Principal	Interest [1]	Principal	Interest [1]
—	—	—	—	—	—	—	—	41,815,000	1,937,341
—	—	—	—	—	—	—	—	24,830,000	993,200
—	—	—	—	—	—	—	—	945,000	10,080
—	—	—	—	—	—	—	—	36,605,000	1,619,193
—	—	—	—	11,340,000	99,362	545,000	600,484	520,000	626,045
—	—	—	—	63,110,000	562,305	1,930,000	3,389,104	1,845,000	3,479,645
—	—	—	—	54,690,000	469,965	2,535,000	2,839,220	1,465,000	2,947,382
3,120,000	558,111	3,165,000	734,288	3,215,000	909,872	4,245,000	1,093,737	4,175,000	1,319,525
—	—	11,260,000	58,337	265,000	686,444	255,000	701,281	240,000	715,254
3,000,000	2,398,779	2,800,000	2,575,422	2,700,000	2,844,177	2,500,000	3,021,847	2,400,000	3,219,432
3,000,000	2,398,963	2,800,000	2,572,463	2,700,000	2,834,116	2,500,000	3,004,723	2,400,000	3,199,812
17,275,000	40,692,075	16,415,000	41,574,274	15,670,000	42,370,697	15,020,000	43,037,345	—	43,563,045
3,410,000	7,540,969	3,265,000	7,686,289	3,130,000	7,823,442	390,000	7,897,963	2,615,000	8,054,241
17,635,000	2,441,237	18,200,000	1,978,673	17,300,000	1,166,125	17,220,000	1,577,534	—	2,198,957
—	4,710,152	—	3,090,894	—	1,519,173	—	1,277,561	—	1,255,096
105,000	1,381,331	100,000	1,384,456	100,000	1,387,456	—	1,390,138	—	254,644
1,035,000	4,007,631	—	4,052,913	—	4,052,913	—	4,053,441	—	742,506
—	2,510,843	—	1,614,219	—	663,417	—	—	—	—
—	2,533,444	—	1,620,687	—	662,635	—	—	—	—
—	2,182,817	—	1,437,901	—	619,013	—	—	—	—
3,125,000	2,472,482	3,475,000	2,600,251	—	2,125,829	—	—	—	—
3,150,000	1,615,689	3,350,000	1,735,027	—	1,439,799	—	—	—	—
375,000	453,099	—	398,552	—	—	—	—	—	—
—	26,861,465	—	10,858,891	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
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—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
1,495,000	540,680	1,395,000	621,493	1,300,000	696,843	1,270,000	769,708	270,000	865,670
19,476	—	14,606	—	—	—	—	—	—	—
3,931	36,294	3,460	36,767	531	39,693	—	40,223	—	77,222
—	—	(10,980,000)	—	(123,890,000)	—	—	—	(104,015,000)	—
56,748,407	105,336,061	55,263,066	86,631,797	51,630,531	72,973,276	48,410,000	74,694,309	16,110,000	77,078,290

Airport Hotel

2006		2005		2004		2003		2002	
Principal	Interest [1]	Principal	Interest [1]	Principal	Interest [1]	Principal	Interest [1]	Principal	Interest [1]
—	5,089,375	—	5,089,375	—	5,089,375	—	5,089,375	—	6,785,833
100,000	721,190	—	726,190	—	726,190	—	726,190	—	968,253
—	482,131	—	358,049	—	431,945	—	364,363	—	—
—	126,067	—	126,333	—	125,733	—	105,000	—	—
100,000	6,418,763	—	6,299,947	—	6,373,243	—	6,284,928	—	7,754,086

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-7

Revenue Coverage

(Unaudited)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Detroit Metro and Willow Run Airports										
Net revenues:										
Operating revenues	$ 281,687,336	$ 270,267,951	$ 257,512,270	$ 259,215,375	$ 233,130,883	$ 222,468,787	$ 222,174,589	$ 218,956,819	$ 210,114,018	$ 189,545,653
Interest income and other	3,354,863	4,992,574	7,143,858	28,101,968	46,264,411	42,905,863	19,469,004	7,075,748	6,231,047	8,289,769
Federal and state grants	1,326,034	1,264,891	1,089,499	2,192,613	5,962,547	12,110,868	15,673,226	10,065,228	8,478,808	6,318,972
Passenger facility charges	62,197,495	60,305,754	59,711,453	68,202,594	70,754,074	67,831,365	70,694,871	67,901,716	63,370,379	61,055,997
Total revenues	348,565,728	336,831,170	325,457,080	357,712,550	356,111,915	345,316,883	328,011,690	303,999,511	288,194,252	265,210,391
Less operating expenses, not including depreciation	(196,428,761)	(191,159,047)	(192,698,372)	(207,318,908)	(190,201,421)	(185,283,254)	(187,799,946)	(188,883,437)	(177,391,720)	(160,965,239)
Net revenues	152,136,967	145,672,123	132,758,708	150,393,642	165,910,494	160,033,629	140,211,744	115,116,074	110,802,532	104,245,152
Net debt service:										
Principal [3]	70,086,416	75,938,312	46,738,501	98,301,428	61,824,828	56,748,407	55,263,066	51,630,531	48,410,000	16,110,000
Interest [1]	84,231,580	97,323,384	105,019,840	111,590,379	105,853,192	105,336,061	86,631,797	72,973,276	74,694,309	77,078,290
Net debt service	154,317,996	173,261,696	151,758,341	209,891,807	167,678,020	162,084,468	141,894,863	124,603,807	123,104,309	93,188,290
Debt Service Coverage [2]	0.99	0.84	0.87	0.72	0.99	0.99	0.99	0.92	0.90	1.12
Pledged Revenue Coverage – Airport Hotel										
Net revenues:										
Operating revenues	29,372,498	26,828,936	23,246,792	31,496,580	33,382,432	30,535,204	29,213,232	24,834,017	10,834,274	—
Interest income and other	35,351	29,015	166,383	501,266	638,695	433,711	226,206	98,512	289,420	2,201,221
Total revenues	29,407,849	26,857,951	23,413,175	31,997,846	34,021,127	30,968,915	29,439,438	24,932,529	11,123,694	2,201,221
Less operating expenses, not including depreciation	(22,640,620)	(20,029,041)	(18,690,037)	(23,058,755)	(24,054,050)	(22,272,550)	(22,119,060)	(19,675,287)	(12,687,714)	—
Net revenues	6,767,229	6,828,910	4,723,138	8,939,091	9,967,077	8,696,365	7,320,378	5,257,242	(1,564,020)	2,201,221
Net debt service:										
Principal	1,385,640	1,139,553	935,848	529,342	358,341	100,000	—	—	—	—
Interest [1]	6,062,988	6,152,079	6,225,621	6,283,971	6,285,020	6,418,763	6,299,947	6,373,243	6,284,928	7,754,086
Net debt service	7,448,628	7,291,632	7,161,469	6,813,313	6,643,361	6,518,763	6,299,947	6,373,243	6,284,928	7,754,086
Debt Service Coverage [2]	0.91	0.94	0.66	1.31	1.50	1.33	1.16	0.82	(0.25)	n/a
Combined net debt service:										
Principal	71,472,056	77,077,865	47,674,349	98,830,770	62,183,169	56,848,407	55,263,066	51,630,531	48,410,000	16,110,000
Interest [1]	90,294,568	103,475,463	111,245,461	117,874,350	112,138,212	111,754,824	92,931,744	79,346,519	80,979,237	84,832,376
Total combined net debt service	$ 161,766,624	$ 180,553,328	$ 158,919,810	$ 216,705,120	$ 174,321,381	$ 168,603,231	$ 148,194,810	$ 130,977,050	$ 129,389,237	$ 100,942,376

Notes: The Authority has pledged all net Airport Hotel revenues solely for the payment of the Bonds and the Parity Obligations, and a statutory first lien has been granted upon all net Airport Hotel Revenues for such purpose. In addition, the County has pledged its limited tax full faith and credit as additional security for payment of the principal, premium, if any, and interest on the Bonds, subject to constitutional, statutory, and charter tax rate limitations.

[1] Interest does not include adjustments for capitalized interest, amortization of issuance costs, discount, premium, or refunding costs, and arbitrage.

[2] Coverage calculations presented in this schedule differ from those required by the Master Bond Ordinance and all series ordinances as shown in the Continuing Disclosures.

[3] Principal payments do not include bond refunding payoffs.

Source: WCAA Finance Department Records

See accompanying independent auditor's report.

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-8

Ratios of Outstanding Debt

(Unaudited)

Outstanding Debt per Enplaned Passenger	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Outstanding debt by type: [1]										
Airport revenue bonds	$ 2,026,685,000	$ 2,121,835,000	$ 2,188,500,000	$ 2,231,195,000	$ 2,326,065,000	$ 2,205,935,000	$ 2,261,165,000	$ 1,807,285,000	$ 1,637,180,000	$ 1,684,320,000
Installment purchase contracts	4,354,379	6,608,280	8,853,973	10,508,525	7,532,539	8,740,000	10,235,000	11,630,000	12,930,000	14,200,000
Willow Run notes payable	569,365	591,879	619,498	644,465	671,102	695,930	719,337	737,403	—	—
Airport hotel bonds	108,140,000	109,120,000	109,885,000	110,475,000	110,685,000	110,820,000	110,920,000	110,920,000	110,920,000	110,920,000
Other hotel debt	4,861,455	5,267,095	5,641,648	5,987,496	6,306,838	6,500,000	6,500,000	6,500,000	6,500,000	—
Total outstanding debt	$ 2,144,610,199	$ 2,243,422,254	$ 2,313,500,119	$ 2,358,810,486	$ 2,451,260,479	$ 2,332,690,930	$ 2,389,539,337	$ 1,937,072,403	$ 1,767,530,000	$ 1,809,440,000
Enplaned passengers	16,226,201	15,876,381	15,941,132	17,831,231	18,108,090	17,799,932	18,286,282	17,316,780	16,278,233	15,592,557
Outstanding debt per enplaned passenger	$ 132.17	$ 141.31	$ 145.13	$ 132.29	$ 135.37	$ 131.05	$ 130.67	$ 111.86	$ 108.58	$ 116.05
Combined net debt service per enplaned passenger										
Combined net debt service [2]	$ 161,766,624	$ 180,553,328	$ 158,919,810	$ 216,705,120	$ 174,321,381	$ 168,603,231	$ 148,194,810	$ 130,977,050	$ 129,389,237	$ 100,942,376
Enplaned passengers	16,226,201	15,876,381	15,941,132	17,831,231	18,108,090	17,799,932	18,286,282	17,316,780	16,278,233	15,592,557
Net debt service per enplaned passenger	$ 9.97	$ 11.37	$ 9.97	$ 12.15	$ 9.63	$ 9.47	$ 8.10	$ 7.56	$ 7.95	$ 6.47

[1] Outstanding Debt amounts do not include refundings, discounts, or premiums.

[2] Combined Net Debt Service does not include adjustments for capitalized interest, amortization of issuance costs, discount, premium, or refunding costs, and arbitrage

Source: WCAA Finance Department Records

See accompanying independent auditor's report.

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-9

Authority Employees

Last Nine Fiscal Years **

(Unaudited)

	Authority Full-Time Positions *								
	2011	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**
Administration	16	11	15	18	20	20	20	20	19
Internal Audit	3	2	2	3	3	3	2	2	2
Legal	5	5	5	7	7	7	7	7	7
North Terminal Development Team	—	—	—	4	6	6	5	9	1
Finance	34	35	31	36	37	37	36	32	29
Information Technology/Telecommunications	13	14	14	14	16	13	7	7	6
Procurement & Compliance	18	24	20	25	25	24	21	19	14
Human Resources	14	12	14	15	15	15	18	22	17
Maintenance/Facilities	206	204	203	223	228	228	238	239	240
Airfield Operations	44	44	44	47	47	46	49	48	45
Public Safety	209	207	207	247	248	241	270	270	270
Planning & Development	19	17	16	14	15	15	22	22	17
Business Development	34	35	37	52	56	54	44	49	38
Willow	11	11	11	27	27	27	23	23	26
Central Communications [1]	—	—	—	—	—	8	27	28	29
Totals	626	621	619	732	750	744	789	797	760

* Represents both filled and budget-approved full-time positions as of each fiscal year end. Headcount actuals are lower due to employee turnover and amount of available positions at different times during the year.

** This schedule shows nine years of employee data as the Authority was still a part of Wayne County for a large part of fiscal year 2002 and thus employee levels are not comparative

[1] As of 9/30/2007, staff were reallocated to other divisions at the Authority or returned to Wayne County.

Source: WCAA Finance Department Records

See accompanying independent auditor's report.

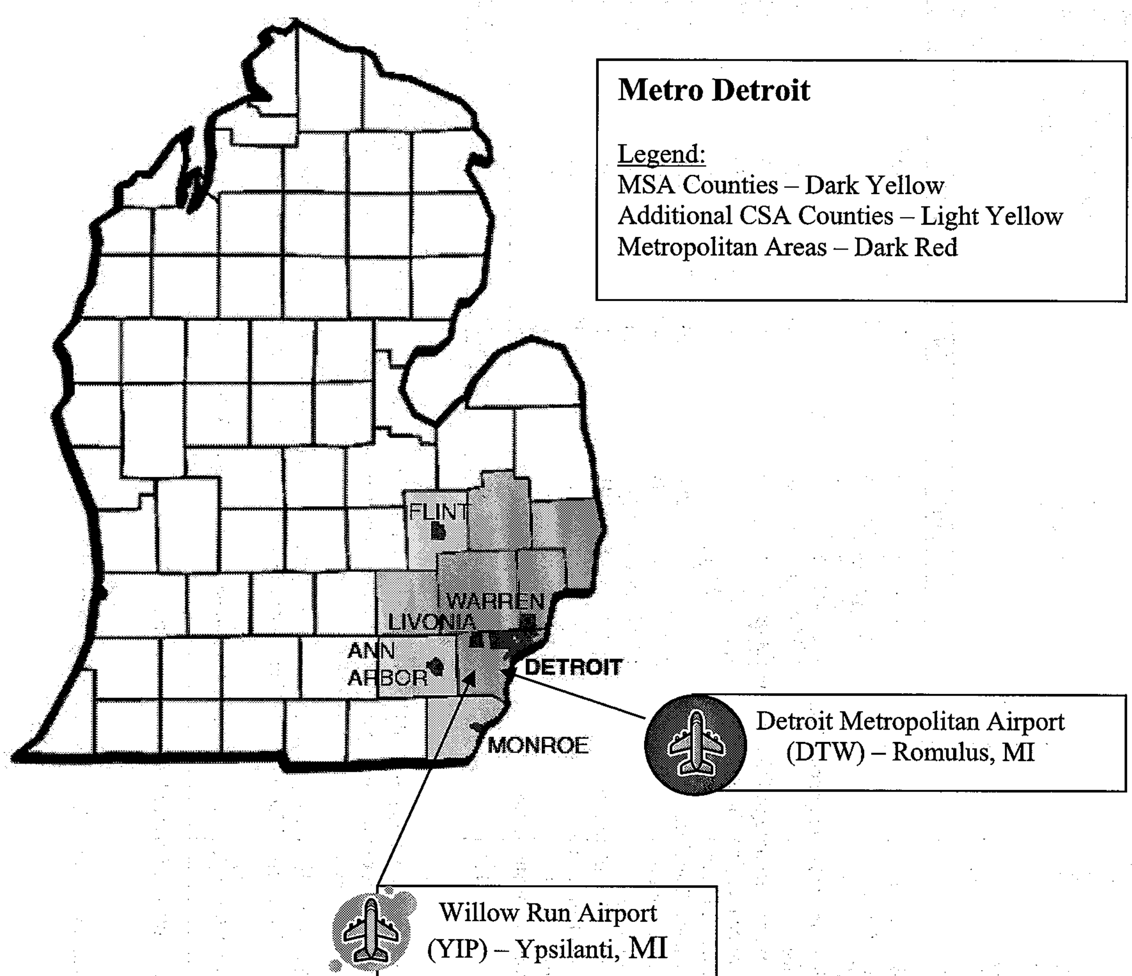
Exhibit S-10: Demographic and Economic Information

Wayne County Airport Authority (the Authority) is a regional entity that spans multiple jurisdictions. The Authority has operational jurisdiction of Detroit Metropolitan Wayne County Airport (DTW) and Willow Run Airport (YIP), as well as an Airport Hotel.

Detroit Metropolitan Wayne County Airport is a major commercial airport located in Romulus, Michigan classified a large hub by the FAA with 1% or more of total U.S. passengers enplaned. As of 2010, Detroit Metro Airport is the tenth busiest airport in the United States and the fourteenth busiest airport in the world. Nearby to DTW is the smaller non-commercial airport Willow Run that serves freight, corporate, and general aviation clients. Together, these airports serve a Primary Air Trade Area commonly referred to as Metropolitan Detroit (Metro Detroit).

The United States Office of Management and Budget (OMB) defines the six counties of Lapeer, Livingston, Macomb, Oakland, St. Clair, and Wayne the *Detroit-Warren-Livonia Metropolitan Statistical Area (MSA)*. Further, the larger OMB designated *Detroit-Warren-Flint Combined Statistical Area (CSA)* incorporates both the above MSA and the metropolitan areas of Flint, Ann Arbor, and Monroe. This area is defined based on commuting patterns and results in the nine-county labor market region of Metro Detroit with a population of 5.2 million as of the 2010 census.

Detroit Metro Airport also serves the Toledo, Ohio, area, which is located approximately 47 miles south of the airport, and the city of Windsor, Ontario in nearby Canada. The Total Air Trade Area incorporates these regions along with the Primary Air Trade Area of Metro Detroit.



WAYNE COUNTY AIRPORT AUTHORITY

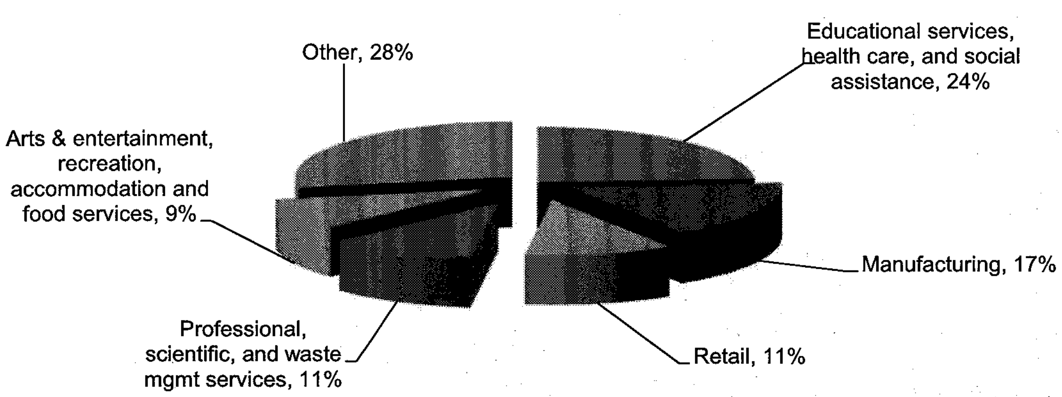
Exhibit S-10 A

Selected Demographic and Economic Information for the Primary Air Trade Area

(Unaudited)

Population (2010) Est.	5,213,991
Population (2000)	5,357,538
Population (1990)	5,095,695
Percentage Increase in Population - 2000 to 2010	-2.7%
Percentage Female	51.5%
Percentage Male	48.5%
Personal Income (millions) (2010)	$201,907
Percent of U.S. Total	1.8%
Per Capita Personal Income (2009)	$37,927
Per Capita Personal Income (2009) - U.S.	$41,223
Unemployment Rate (2011 September)	11.7%
Unemployment Rate (2010 Annual)	13.5%
Unemployment Rate (2009 Annual)	14.9%
Total Households (millions)	2.0
Average Household Size (people)	2.6

Leading Industries
(% of employed population 16 years and older)



Sources: U.S. Census Bureau, U.S. Bureau of Economic Analysis, and Bureau of Labor Statistics

See accompanying independent auditor's report.

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-10 B

Principal Employers in Primary Air Trade Area

(Unaudited)

Employer	City	Metro Employees 2011 *	Metro Employees 2010 *	Percentage (%) change	Type of business
Ford Motor Co.	Dearborn	38,000	38,000	—%	Automobile Manufacturer
University of Michigan	Ann Arbor	27,754	27,145	2.2	Public University & Health Care System
General Motors Corp.	Detroit	24,867	25,903	(4.0)	Automobile Manufacturer
Chrysler L.L.C.	Auburn Hills	21,927	22,448	(2.3)	Automobile Manufacturer
Henry Ford Health System	Detroit	19,951	18,388	8.5	Health Care System
U.S. Government	Detroit	18,900	18,197	3.9	Federal Government
Trinity Health	Novi	13,123	12,563	4.5	Health Care System
St. John Health	Warren	13,004	12,866	1.1	Health Care System
Beaumont Hospitals	Royal Oak	12,437	14,495	(14.2)	Health Care System
Detroit Medical Center	Detroit	12,121	11,820	2.5	Health Care System

* Calendar year basis

Source: Crain's Detroit Business, November 14, 2011

See accompanying independent auditor's report.

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-11

Airport Information

(Unaudited)

Detroit Metropolitan Airport

Location:	20 miles southwest of Detroit in the city of Romulus			
Area:	7,072 acres			
Airport Code:	DTW			
Runways:	3R/21L 3L/21R 9R/27L 9L/27R 4R/22L 4L/22R			
Terminal:	McNamara Terminal Airlines	913,904	sq ft	
	North Terminal Airlines	241,077	sq ft	
	Tenants/Concessionaires	207,337	sq ft	
	TSA/FIS	185,434	sq ft	
	Public/Common	1,603,768	sq ft	
	Number of In-Service Passenger Gates	147		
	Number of Concessionaires	32		
	Number of Rental Car Agencies On-Airport	6		
Airfield:	Runways	14,181,140	sq ft	(a)
	Taxiways	21,422,889	sq ft	(a)
	Aprons	19,723,284	sq ft	(a)
Parking:	Spaces Available:			
	McNamara Parking Structure	10,117		
	Big Blue Deck and Short-Term	5,842		
	Yellow Economy Lot	1,095		
	Green Lot	1,670		
		18,724	spaces	
Cargo:	Cargo/Hangar Buildings	1,386,110	sq ft	
International:	Customs/Immigration F.I.S. Facility			
Tower(s):	AIR TRAFFIC CONTROL TOWER 24/ 7/ 365 Operations Control Tower			
FBOs:	ASIG (Aircraft Service International Group) Metro Flight Services			

(a) These totals have decreased from prior year due to physical inventory reconciliation.

Source: WCAA Finance Department Records

See accompanying independent auditor's report.

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-12

Airport Information

(Unaudited)

Willow Run Airport

Location:	7 miles west of Detroit Metropolitan Airport bordering on Wayne and Washtenaw Counties			
Area:	2,367 acres			
Airport Code:	YIP			
Runways:	5L/23R 5R/23L 9/27 14/32			
Airfield:	Runways	5,286,425	sq ft	(b)
	Taxiways	4,425,210	sq ft	(a)
	Ramps/Aprons	5,093,764	sq ft	
Corporate/Private Space:	Hangar/Arrivals Buildings	224,900	sq ft	
	Tenants Other	126,600	sq ft	
	T-Hangars (qty. 110)	175,000	sq ft	
	Number of Rental Car Agencies On-Airport	2		
Cargo & Additional Space:	Hangar/Office/Shop	359,600	sq ft	
	WCAA Admin, Maintenance, Ops, Public Safety	128,500	sq ft	
	Yankee Air Museum	53,400	sq ft	
	Educational & Flight Training	22,000	sq ft	
	FAA	41,500	sq ft	
	Common	10,000	sq ft	
International:	U.S. Customs (user fee airport)			
Tower:	FAA 24/7			
FBOs:	Active Aero Service Avflight			

(a) This total increased from the prior year due to converting Runway 9R/27L to Taxiway Hotel

(b) This total increased from the prior year due to the construction of runway safety areas and decreased due to converting Runway 9R/27L to Taxiway Hotel

See accompanying independent auditor's report.

CONTINUING DISCLOSURE SECTION
(UNAUDITED)

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Documents Incorporated By Reference

Operating Years Ended September 30, 2011

Portions of the following documents are incorporated herein by reference into sections of the Comprehensive Annual Financial Report (CAFR) as indicated:

Document	Part of CAFR into which incorporated
Official Statement,$169,430,000 Wayne County Airport Authority Airport Revenue Refunding Bonds, Series 2011A-B	Continuing Disclosures

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #1

Debt Service Requirements and Coverage

Operating Year 2011

(Unaudited)

	Net revenues, revenue fund balance, and other available monies (thousands)	Total debt service requirements (thousands)	Debt service coverage	Airline cost per enplaned passenger
Senior Lien	$ 240,512	$ 150,360	1.60	$ 9.17
Total Senior Lien and Junior Lien	$ 240,512	$ 162,079	1.48	$ 9.17

Source: Wayne County Airport Authority

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #2

Operation and Maintenance Expenses

Operating years ending September 30

(In thousands of dollars, except as noted)

(Unaudited)

Description		Historical				
		2011	2010	2009	2008	2007
Salaries and wages	$	44,225	43,166	46,274	47,323	46,151
Employee benefits		25,840	27,555	26,422	27,891	23,725
		70,065	70,721	72,696	75,214	69,876
Contractual services:						
Parking management		6,794	6,505	7,082	8,905	10,325
Security expenses		2,401	2,293	2,657	2,758	3,433
Janitorial services		11,143	10,972	10,577	2,403	2,417
Shuttle bus		8,750	8,495	8,483	9,221	8,251
Other services		19,228	14,025	14,481	13,369	9,107
Total contractual services		48,316	42,290	43,280	36,656	33,533
Wayne County administrative services		126	141	163	150	127
Repairs and maintenance		35,334	36,383	28,445	35,529	33,311
Supplies and other operating expenses		9,312	7,896	9,272	10,016	6,157
Insurance		2,294	2,532	2,710	2,593	2,826
Utilities		24,524	26,198	26,933	29,558	25,586
Rentals		665	679	66	146	166
Interest expense and paying agent fees		197	360	556	2,388	2,328
Capital expenses		7,444	2,774	1,500	2,086	1,942
		79,896	76,963	69,645	82,466	72,443
Total O&M expenses	$	198,277	189,974	185,621	194,336	175,852

Source: Wayne County Airport Authority

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #3

Operating Revenues

Operating years ending September 30

(In thousands of dollars, except as noted)

(Unaudited)

Description		Historical				
		2011	2010	2009	2008	2007
Airline revenues:						
Rental and use fees:						
Terminal building rentals and fees	$	58,393	56,611	49,318	22,254	22,034
Common-use/shared-use area rentals		17,553	18,778	16,381	2,852	2,781
Debt service recapture		1,828	1,828	1,828	1,828	1,828
Facilities use fees		6,638	5,950	6,320	7,885	7,525
Add (less) rental fee adjustment		(4,122)	(7,156)	(1,550)	—	—
Total rental and use fees		80,290	76,011	72,297	34,819	34,168
Activity fees:						
Signatory airlines		76,562	68,489	58,584	69,567	57,265
Nonsignatory airlines		1,688	1,505	1,610	1,595	1,790
Add (less) activity fee adjustment		(9,776)	(343)	(471)	12,860	(315)
Total activity fees		68,474	69,651	59,723	84,022	58,740
Total airline revenues		148,764	145,662	132,020	118,841	92,908
Nonairline revenues:						
Concessions:						
Automobile parking		54,145	48,309	49,911	58,683	58,859
Rental car		18,984	17,273	17,540	21,493	20,859
Food and beverage		13,057	13,107	12,872	12,628	12,486
Retail		12,210	11,103	12,565	11,855	8,633
Marketing and communications		2,106	1,977	1,490	2,295	752
Other concessions		3,887	4,240	3,636	3,264	7,207
Total concessions		104,389	96,009	98,014	110,218	108,796
Rentals		2,761	3,454	3,767	3,783	3,906
Utility fees		4,879	4,332	4,320	4,498	4,078
Interest income		255	234	730	1,498	2,100
Ground transportation		4,944	4,739	6,510	7,056	5,136
Other (a)		13,197	10,080	9,540	10,468	11,047
Total nonairline revenues		130,425	118,848	122,881	137,521	135,063
Total operating revenues	$	279,189	264,510	254,901	256,362	227,971

(a) Includes shuttle bus revenue, badging fees, miscellaneous fees, chargebacks, and state and federal grants

Source: Wayne County Airport Authority

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #4

Application of Revenues

Operating years ending September 30

(In thousands of dollars, except as noted)

(Unaudited)

		2011	2010	2009	2008	2007
Revenues:						
Airline revenues	$	148,764	145,662	132,020	118,841	92,908
Nonairline revenues		130,425	118,848	122,881	137,521	135,063
Interest income generated in bond funds and reserves		3,496	2,192	8,069	22,802	9,385
Other available monies:						
PFC contributions		87,576	99,207	97,862	78,589	63,013
Letter of intent		—	—	605	18,281	19,745
Capitalized interest contribution		438	1,846	3,852	30,470	25,564
Other		1,943	1,064	2,308	1,475	5,450
Transfer credit from Airport funds (a)		—	—	—	782	1,300
Total revenues	$	372,642	368,819	367,597	408,761	352,428
Priority						
Application of revenues:						
1 Operation and Maintenance Fund	$	202,456	194,014	190,098	194,336	175,852
2 Bond Fund		150,798	158,179	160,873	155,005	145,189
3 Junior Lien Bond Fund		11,719	8,957	8,957	52,467	24,691
4 Operation and Maintenance Reserve Fund		—	—	—	—	—
5 Renewal and Replacement Fund		500	500	500	500	500
6 County Discretionary Fund		350	350	350	350	350
7 Airport Development Fund		6,819	6,819	6,819	6,103	5,846
Total application of revenues	$	372,642	368,819	367,597	408,761	352,428

(a) Represents a credit given to the Airlines, which was paid from the Airport Authority's Airport Development Fund.

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #5

Net Revenues and Debt Service Coverage

Operating year ending September 30, 2011

(In thousands of dollars, except as noted)

(Unaudited)

Revenues:			
Revenues		$	279,189
Revenue fund balance at beginning of year			70,764
Other available monies:			
PFC contributions			87,576
Other			1,943
Interest income generated in bond funds and reserves			3,496
Total revenues	[A]		442,968
Operation and maintenance expenses	[B]		202,456
Net revenues available for Sr. Lien debt service	[A - B] = [C]		240,512
Bond debt service - Senior Lien	[D]		150,360
Net revenues available for Jr. Lien debt service	[C - D] = [E]		90,152
Bond debt service - Junior Lien	[F]		11,719
Net revenues remaining in revenue fund			78,433
Debt service coverage:			
Senior Lien bonds	[C]/[D]		1.60
Senior Lien and Junior Lien bonds	[C]/[D + F]		1.48
Rate covenant elements:			
Operation and maintenance expenses		$	202,456
125% debt service – Bonds	[(1.25 x D) + F]		199,669
Other fund requirements			7,669
Total rate covenant elements		$	409,794

Source: Wayne County Airport Authority

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #6

Historical Airline Passenger Enplanements

Operating years ending September 30

(Unaudited)

Operating year	Domestic	International	Total	Percent increase (decrease)
2011	14,912,532	1,313,669	16,226,201	2.2%
2010	14,614,045	1,262,336	15,876,381	(0.4)
2009	14,622,391	1,318,741	15,941,132	(10.6)
2008	16,271,128	1,560,103	17,831,231	(1.5)
2007	16,581,322	1,526,768	18,108,090	1.7

Source: Wayne County Airport Authority records

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #7

Historical Comparative Total Enplanements

Calendar years ending December 31

(Unaudited)

	Detroit Metro		United States		
Calendar year	**Number of passengers**	**Percent increase (decrease)**	**Number of passengers**	**Percent increase (decrease)**	**Detroit as a percentage of U.S. total**
2011	14,968,498	(3.3)	673,093,740	(0.7)	2.2
2010	15,483,222	(0.7)	677,624,234	(2.9)	2.3
2009	15,593,075	(6.9)	697,998,338	(0.2)	2.2
2008	16,751,796	(2.9)	699,164,160	(2.6)	2.4
2007	17,246,272	(0.3)	717,920,039	2.1	2.4

Note: 2011 estimate based on six months of data

Source: U.S. Department of Transportation, Bureau of Transportation Statistics, Airport Activity Statistics of Certificated Route Air Carriers, Form 41, Schedule T3

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #8

Historical Airline Departures

Calendar years ending December 31

(Unaudited)

Calendar year	Departures by carrier type			Total departures	
	Majors	Nationals	Regionals	Total (a)	Percent increase (decrease)
2011	77,782	127,770	4,694	210,246	(3.6)%
2010	107,976	101,613	8,455	218,044	4.7
2009	103,617	95,697	8,920	208,234	(5.5)
2008	118,470	94,130	7,660	220,260	(0.3)
2007	133,628	86,206	1,068	220,902	(2.9)

(a) Total does not include departures by commuters or charters.

Note: 2011 estimate based on six months of data

Source: U.S. Department of Transportation, Bureau of Transportation Statistics, Airport Activity Statistics of Certificated Route Air Carriers, Form 41, Schedule T3

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #9

Historical Domestic Originations and Connections

Calendar years ending December 31

(Unaudited)

Calendar year	Domestic originations Number	Domestic originations Percent of total	Domestic connections Number	Domestic connections Percent of total
2011	6,619,112	44.2%	8,349,797	55.8%
2010	6,566,987	44.1	8,310,099	55.9
2009	6,671,730	46.4	7,718,609	53.6
2008	7,386,420	46.2	8,591,640	53.8
2007	7,721,720	47.2	8,629,815	52.8

Note: 2011 estimate based on six months of data

Source: U.S. Department of Transportation Origin and Destination Passenger Ticket Survey, 298c Commuter Data, Airport Activity Statistics of Certificated Route Air Carriers, and Wayne County Airport Authority records.

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #10

Historical Airline Market Shares

Operating years ending September 30

(Unaudited)

Airline	OY 2011 Enplaned passengers	OY 2011 Percent of market	OY 2010 Enplaned passengers	OY 2010 Percent of market	OY 2009 Enplaned passengers	OY 2009 Percent of market
Domestic:						
Air Tran Airways	202,162	1.4%	201,664	1.4%	219,085	1.5%
America West Airlines	—	—	—	—	—	—
American (AA Eagle)	154,136	1.0	161,692	1.1	125,766	0.9
American Airlines	275,990	1.9	284,813	1.9	346,775	2.4
Champion Air	—	—	—	—	—	—
Continental (Atlantic Southeast)	3,112	—	—	—	—	—
Continental (Chautauqua)	—	—	—	—	—	—
Continental (CommutAir)	—	—	—	—	—	—
Continental (ExpressJet)	59,888	0.4	86,581	0.6	63,765	0.4
Continental (Shuttle America)	15,559	0.1	—	—	—	—
Continental (SkyWest)	4,525	—	—	—	—	—
Continental Airlines	150,106	1.0	150,053	1.0	193,026	1.3
Northwest/Delta (Atlantic Southeast) [1]	650,836	4.4	83,690	0.6	1,289	—
Northwest/Delta (Chautauqua) [1]	168,194	1.1	95,086	0.7	4,798	—
Northwest/Delta (Comair) [1]	945,095	6.3	540,781	3.7	145,990	1.0
Northwest/Delta (Compass) [1]	312,578	2.1	340,262	2.3	439,785	3.0
Northwest/Delta (Freedom) [1]	—	—	191,445	1.3	19,912	0.1
Northwest/Delta (Mesaba Aviation) [1]	721,808	4.8	949,610	6.5	1,042,785	7.1
Northwest/Delta (Pinnacle) [1]	2,254,208	15.1	2,186,627	15.0	2,066,229	14.1
Northwest/Delta (Shuttle America) [1]	85,863	0.6	4,462	—	10,599	0.1
Northwest/Delta (SkyWest) [1]	4,058	—	—	—	4,681	—
Northwest/Delta Air Lines [1]	6,651,576	44.6	7,328,799	50.1	7,894,790	54.0
Frontier	140,291	0.9	117,044	0.8	117,396	0.8
Southwest Airlines	611,582	4.1	553,612	3.8	523,304	3.6
Spirit Airlines	703,335	4.7	558,596	3.8	591,150	4.0
United (Atlantic Southeast)	22,672	0.2	17,044	0.1	—	—
United (ExpressJet)	26,730	0.2	14,376	0.1	—	—
United (GoJet)	57,089	0.4	66,206	0.5	56,837	0.4
United (Mesa)	19,733	0.1	29,999	0.2	47,908	0.3
United (Shuttle America)	14,842	0.1	—	—	—	—
United (SkyWest)	25,264	0.2	68,400	0.5	31,407	0.2
United (TransStates)	16,380	0.1	16,133	0.1	32,140	0.2
United Airlines	45,605	0.3	36,467	0.2	94,542	0.6
US Airways	340,664	2.3	303,451	2.1	313,774	2.1
US Airways (Air Wisconsin)	81,860	0.5	76,414	0.5	95,658	0.7
US Airways (Chautauqua)	7,948	0.1	3,881	—	—	—
US Airways (Mesa)	19,074	0.1	22,387	0.2	22,640	0.2
US Airways (PSA)	5,990	—	5,860	—	15,747	0.1
US Airways (Republic)	111,361	0.7	112,838	0.8	74,785	0.5
USA 3000	153	—	2,226	—	19,823	0.1
Other [2]	2,265	—	3,546	—	6,005	—
Subtotal – Domestic	14,912,532	100.0%	14,614,045	100.0%	14,622,391	100.0%
International:						
Aeromexico	—	—	—	—	2,053	0.2
Air Canada	12,340	0.9	6,875	0.5	5,956	0.5
Air France	76,568	5.8	70,685	5.6	55,233	4.2
Airtran	11,436	0.9	5,849	0.5	271	—
British Airways	—	—	—	—	—	—
Compass	—	—	13,301	1.1	26,608	2.0
KLM-Royal Dutch Airlines	—	—	—	—	40,196	3.0
Lufthansa	67,952	5.2	65,568	5.2	72,884	5.5
Northwest/Delta (Mesaba Aviation) [1]	67	—	19,583	1.6	45,248	3.4
Northwest/Delta Air Lines [1]	1,065,984	81.1	921,973	73.0	1,009,773	76.6
Northwest/Delta (Atlantic Southeast) [1]	2,534	0.2	—	—	—	—
Northwest/Delta (Comair) [1]	—	—	20,851	1.7	—	—
Northwest/Delta (Pinnacle) [1]	44,711	3.4	97,518	7.7	—	—
Royal Jordanian Airlines	14,051	1.1	15,258	1.2	14,822	1.1
Spirit	15,579	1.2	12,274	1.0	16,928	1.3
US Airways	1,493	0.1	1,997	0.2	1,853	0.1
Other [2]	954	0.1	10,604	0.8	26,916	2.0
Subtotal – International	1,313,669	100.0%	1,262,336	100.0%	1,318,741	100.0%
Total – All Markets	16,226,201		15,876,381		15,941,132	

[1] Northwest Airlines merged with and into Delta Airlines on December 31, 2009 and for comparative purposes, are shown as one in this report.

[2] Includes airlines with minimal market share or that may not operate at the Airport as of Operating Year 2011

Source: Wayne County Airport Authority records

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #10

Historical Airline Market Shares

Operating years ending September 30

(Unaudited)

Airline	OY 2008 Enplaned passengers	OY 2008 Percent of market	OY 2007 Enplaned passengers	OY 2007 Percent of market
Domestic:				
Air Tran Airways	216,149	1.3%	239,410	1.4%
America West Airlines	—	—	241,961	1.5
American (AA Eagle)	85,637	0.5	91,529	0.6
American Airlines	442,012	2.7	443,530	2.7
Champion Air	—	—	34,462	0.2
Continental (Atlantic Southeast)	—	—	—	—
Continental (Chautauqua)	824	—	—	—
Continental (CommutAir)	13,181	0.1	9,371	0.1
Continental (ExpressJet)	63,856	0.4	70,559	0.4
Continental (Shuttle America)	—	—	—	—
Continental (SkyWest)	—	—	—	—
Continental Airlines	210,747	1.3	219,751	1.3
Northwest/Delta (Atlantic Southeast) [1]	58,351	0.4	37,242	0.2
Northwest/Delta (Chautauqua) [1]	9,211	0.1	—	—
Northwest/Delta (Comair) [1]	90,839	0.6	94,044	0.6
Northwest/Delta (Compass) [1]	144,644	0.9	—	—
Northwest/Delta (Freedom) [1]	6,142	—	—	—
Northwest/Delta (Mesaba Aviation) [1]	811,681	5.0	457,948	2.8
Northwest/Delta (Pinnacle) [1]	2,043,385	12.6	1,915,685	11.6
Northwest/Delta (Shuttle America) [1]	36,813	0.2	—	—
Northwest/Delta (SkyWest) [1]	3,362	—	6,676	—
Northwest/Delta Air Lines [1]	9,555,525	58.7	10,324,808	62.3
Frontier	126,580	0.8	121,456	0.7
Southwest Airlines	595,944	3.7	606,113	3.7
Spirit Airlines	802,424	4.9	933,029	5.6
United (Atlantic Southeast)	—	—	—	—
United (ExpressJet)	—	—	—	—
United (GoJet)	—	—	—	—
United (Mesa)	43,380	0.3	57,546	0.3
United (Shuttle America)	—	—	—	—
United (SkyWest)	24,640	0.2	36,475	0.2
United (TransStates)	14,916	0.1	—	—
United Airlines	239,332	1.5	263,054	1.6
US Airways	331,934	2.0	100,860	0.6
US Airways (Air Wisconsin)	104,993	0.6	83,203	0.5
US Airways (Chautauqua)	1,260	—	1,928	—
US Airways (Mesa)	47,464	0.3	71,535	0.4
US Airways (PSA)	38,059	0.2	17,035	0.1
US Airways (Republic)	23,992	0.1	29,729	0.2
USA 3000	79,304	0.5	67,516	0.4
Other [1]	4,547	—	4,867	—
Subtotal – Domestic	16,271,128	100.0%	16,581,322	100.0%
International:				
Aeromexico	5,942	0.4	—	—
Air Canada	13,678	0.9	13,085	0.9
Air France	45,947	2.9	48,355	3.2
Airtran	—	—	—	—
British Airways	20,491	1.3	47,472	3.1
Compass	—	—	—	—
KLM-Royal Dutch Airlines	41,753	2.7	—	—
Lufthansa	102,121	6.5	98,008	6.4
Northwest/Delta (Mesaba Aviation) [1]	37,906	2.4	37,538	2.5
Northwest/Delta Airlines [1]	1,204,927	77.3	1,174,843	76.9
Northwest/Delta (Atlantic Southeast) [1]	—	—	—	—
Northwest/Delta (Comair) [1]	—	—	—	—
Northwest/Delta (Pinnacle) [1]	—	—	—	—
Royal Jordanian Airlines	16,434	1.1	14,150	0.9
Spirit	19,464	1.2	20,146	1.3
US Airways	—	—	—	—
Other [1]	51,440	3.3	73,171	4.8
Subtotal – International	1,560,103	100.0%	1,526,768	100.0%
Total – All Markets	17,831,231		18,108,090	

[1] Northwest Airlines merged with and into Delta Air Lines on December 31, 2009 and for comparative purposes, are shown as one in this report.

[2] Includes airlines with minimal market share or that may not operate at the Airport as of Operating Year 2011

Source: Wayne County Airport Authority records

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #11

Historical Airline Cargo

Operating years ending September 30

(Unaudited)

Operating year	Cargo by type (metric tons): Freight and Express (a) Enplaned	Freight and Express (a) Deplaned	Mail Enplaned	Mail Deplaned	Total Cargo: Total Cargo	Percent increase (decrease)
2011	77,756	117,993	6,973	3,623	206,345	11.6%
2010	71,409	105,269	4,950	3,306	184,934	14.6
2009	68,021	85,235	4,264	3,849	161,369	(28.6)
2008	99,578	117,636	4,225	4,415	225,854	(1.8)
2007 (b)	94,226	130,901	2,253	2,582	229,962	6.5

(a) Includes small packages

(b) Lufthansa Airlines' cargo was reported for the first time in October 2007 covering the period from February 2007 to September 2007. Prior year data is unavailable for comparison.

Source: Wayne County Airport Authority records

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #12

Historical Aircraft Landed Weight

Operating years ending September 30

(Unaudited)

Airline	OY 2011 Landed Weight (per 1,000 lbs.)	OY 2011 Percent of Market	OY 2010 Landed Weight (per 1,000 lbs.)	OY 2010 Percent of Market	OY 2009 Landed Weight (per 1,000 lbs.)	OY 2009 Percent of Market
Aeromexico	—	—%	—	—%	4,352	—%
Air Canada	13,594	0.1	14,506	0.1	21,049	0.1
Air Canada (Air Georgian)	6,740	—	—	—	—	—
Air France	146,476	0.7	138,582	0.7	122,641	0.6
Air Tran Airways	241,608	1.2	225,504	1.1	240,496	1.1
America West Airlines	—	—	—	—	—	—
American (AA Eagle)	180,815	0.9	193,235	1.0	155,625	0.7
American Airlines	318,885	1.5	312,306	1.5	399,070	1.9
British Airways	—	—	—	—	—	—
Champion Air	—	—	—	—	—	—
Continental (CommutAir)	—	—	—	—	35	—
Continental (Chautauqua)	—	—	—	—	—	—
Continental (ExpressJet)	70,638	0.3	93,195	0.5	76,524	0.4
Continental (Shuttle America)	35,649	0.2	—	—	—	—
Continental (SkyWest)	6,046	—	—	—	—	—
Continental Airlines	168,642	0.8	174,752	0.9	233,049	1.1
Delta (Atlantic Southeast)	795,381	3.8	104,058	0.5	1,474	—
Delta (Chautauqua)	169,065	0.8	94,308	0.4	6,200	—
Delta (Comair)	1,115,580	5.3	669,929	3.3	187,696	0.9
Delta (Compass)	371,436	1.8	438,616	2.2	—	—
Delta (Freedom)	—	—	196,138	1.0	23,702	—
Delta (Mesaba Aviation)	872,731	4.2	1,202,839	6.0	—	—
Delta (Pinnacle)	2,743,336	13.1	2,817,713	14.0	—	—
Delta (Shuttle America)	97,147	0.5	5,238	—	13,437	0.1
Delta (SkyWest)	4,136	—	—	—	5,100	—
Delta Air Lines	10,153,495	48.6	10,369,432	51.4	548,594	2.6
DHL/ABX	—	—	—	—	67,939	0.3
Federal Express	409,567	2.0	361,807	1.8	374,202	1.8
Frontier	143,844	0.7	126,776	0.6	140,742	0.7
KLM-Royal Dutch Airlines	—	—	—	—	74,970	0.4
Lufthansa	147,477	0.7	142,243	0.7	174,062	0.8
Northwest (Compass)	—	—	—	—	596,054	2.8
Northwest (Mesaba Aviation)	—	—	—	—	1,484,510	7.1
Northwest (Pinnacle)	—	—	—	—	2,616,584	12.5
Northwest Airlines	—	—	—	—	10,785,072	51.1
Royal Jordanian Airlines	40,698	0.2	41,097	0.2	42,294	0.2
Ryan International	—	—	—	—	480	—
Southwest Airlines	732,074	3.5	668,576	3.3	706,040	3.4
Spirit Airlines	752,623	3.6	637,083	3.2	690,048	3.3
United (Atlantic Southeast)	27,777	0.1	20,304	0.1	—	—
United (ExpressJet)	28,198	0.1	15,341	0.1	—	—
United (GoJet)	66,531	0.3	79,931	0.4	69,077	0.3
United (Mesa)	22,981	0.1	34,400	0.2	54,058	0.3
United (Shuttle America)	23,862	0.1	—	—	—	—
United (SkyWest)	29,405	0.1	75,208	0.4	34,341	0.2
United (TransStates)	18,424	0.1	19,147	0.1	36,379	0.2
United Airlines	73,693	0.4	64,056	0.3	161,068	0.8
United Parcel Service	171,832	0.8	171,234	0.8	171,687	0.8
US Airways	422,444	2.0	380,154	1.9	377,507	1.8
US Airways (Air Wisconsin)	97,431	0.5	87,467	0.4	113,082	0.5
US Airways (Chautauqua)	9,276	—	4,255	—	—	—
US Airways (Colgan)	86	—	—	—	—	—
US Airways (Mesa)	19,845	0.1	21,536	0.1	21,261	0.1
US Airways (Mesaba)	285	—	—	—	—	—
US Airways (PSA)	7,110	—	6,655	—	15,835	0.1
US Airways (Republic)	112,275	0.5	116,510	0.6	78,548	0.4
USA 3000	437	—	13,357	0.1	53,149	0.3
Other [(1)]	54,138	0.3	29,777	0.1	26,613	0.3
Total	20,923,713	100.0%	20,167,265	100.0%	21,004,646	100.0%

[(1)] Includes airlines with minimal market share or that may not operate at the Airport as of Operating Year 2011

Source: Wayne County Airport Authority records

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #12

Historical Aircraft Landed Weight

Operating years ending September 30

(Unaudited)

Airline	OY 2008 Landed Weight (per 1,000 lbs.)	OY 2008 Percent of Market	OY 2007 Landed Weight (per 1,000 lbs.)	OY 2007 Percent of Market
Aeromexico	9,432	—%	—	—%
Air Canada	28,994	0.1	28,960	0.1
Air Canada (Air Georgian)	—	—	—	—
Air France	114,617	0.5	116,552	0.5
Air Tran Airways	240,128	1.0	302,472	1.2
America West Airlines	—	—	265,091	1.1
American (AA Eagle)	107,737	0.5	116,715	0.5
American Airlines	506,633	2.2	538,336	2.2
British Airways	107,202	0.5	209,479	0.9
Champion Air	900	—	45,900	0.2
Continental (CommutAir)	27,894	0.1	14,392	0.1
Continental (Chautauqua)	1,610	—	—	—
Continental (ExpressJet)	85,836	0.4	93,465	0.4
Continental (Shuttle America)	—	—	—	—
Continental (SkyWest)	—	—	—	—
Continental Airlines	254,629	1.1	259,645	1.1
Delta (Atlantic Southeast)	64,185	0.3	44,137	0.2
Delta (Chautauqua)	11,052	—	—	—
Delta (Comair)	125,020	0.5	137,273	0.6
Delta (Compass)	—	—	—	—
Delta (Freedom)	8,617	—	—	—
Delta (Mesaba Aviation)	—	—	—	—
Delta (Pinnacle)	—	—	—	—
Delta (Shuttle America)	49,342	0.2	—	—
Delta (SkyWest)	4,425	—	8,617	—
Delta Air Lines	218,996	0.9	263,257	1.1
DHL/ABX	64,605	0.3	68,865	0.3
Federal Express	477,212	2.0	525,479	2.2
Frontier	147,774	0.6	152,353	0.6
KLM-Royal Dutch Airlines	80,214	0.3	—	—
Lufthansa	243,753	1.0	229,272	0.9
Northwest (Compass)	173,768	0.7	—	—
Northwest (Mesaba Aviation)	1,118,993	4.8	679,531	2.8
Northwest (Pinnacle)	2,516,756	10.8	2,402,170	9.9
Northwest Airlines	13,385,015	57.3	14,592,777	59.6
Royal Jordanian Airlines	41,895	0.2	40,698	0.2
Ryan International	7,811	—	21,883	0.1
Southwest Airlines	833,750	3.6	883,222	3.6
Spirit Airlines	925,981	4.0	1,116,697	4.6
United (Atlantic Southeast)	—	—	—	—
United (ExpressJet)	—	—	—	—
United (GoJet)	—	—	—	—
United (Mesa)	45,532	0.2	67,597	0.3
United (Shuttle America)	—	—	—	—
United (SkyWest)	25,976	0.1	44,048	0.2
United (TransStates)	15,998	0.1	—	—
United Airlines	317,477	1.4	339,795	1.4
United Parcel Service	195,473	0.8	204,976	0.8
US Airways	397,966	1.7	170,642	0.7
US Airways (Air Wisconsin)	121,072	0.5	104,763	0.4
US Airways (Chautauqua)	1,447	—	2,085	—
US Airways (Colgan)	—	—	—	—
US Airways (Mesa)	41,942	0.2	63,181	0.3
US Airways (Mesaba)	—	—	—	—
US Airways (PSA)	38,762	0.2	17,219	0.1
US Airways (Republic)	28,519	0.1	37,006	0.2
USA 3000	117,801	0.5	116,664	0.5
Other [(1)]	26,169	0.3	31,489	0.1
Total	23,358,910	100.0%	24,356,703	100.0%

[(1)] Includes airlines with minimal market share or that may not operate at the Airport as of Operating Year 2011

Source: Wayne County Airport Authority records

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #13

Historical Aircraft Operations

Operating years ending September 30

(Unaudited)

Operating year	Operations by class of carrier: Air carrier	Air taxi and commuter	General aviation	Military	Total operations: Total	Percent increase (decrease)
2011	191,893	248,390	6,662	100	447,045	0.3%
2010	195,916	242,697	6,777	110	445,500	1.9
2009	211,998	218,172	7,006	140	437,316	(6.4)
2008	253,024	203,629	10,580	153	467,386	(1.1)
2007	280,062	181,025	11,335	100	472,522	(2.6)

Source: Wayne County Airport Authority records

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #14

Historical Aviation Demand Statistics

Operating years ending September 30

(Unaudited)

	Historical				
	2011	**2010**	**2009**	**2008**	**2007**
Enplaned passengers:					
Domestic:					
Scheduled:					
Originating (a)	6,593,113	6,448,329	6,767,341	6,969,007	7,702,170
Connecting (a)	8,317,001	8,159,944	7,829,222	9,218,270	8,772,307
Subtotal – scheduled	14,910,114	14,608,273	14,596,563	16,187,277	16,474,477
Percentage connecting	55.8%	55.9%	53.6%	56.9%	53.2%
Charter	2,418	5,772	25,828	83,851	106,845
Subtotal – domestic	14,912,532	14,614,045	14,622,391	16,271,128	16,581,322
International:					
Scheduled:					
U.S. airlines	1,141,804	1,093,595	1,100,681	1,262,297	1,232,527
Foreign flag	170,911	158,386	191,144	246,366	221,070
Subtotal – scheduled	1,312,715	1,251,981	1,291,825	1,508,663	1,453,597
Charter	954	10,355	26,916	51,440	73,171
Subtotal – international	1,313,669	1,262,336	1,318,741	1,560,103	1,526,768
Total enplaned passengers	16,226,201	15,876,381	15,941,132	17,831,231	18,108,090
Enplaned cargo (tons):					
Freight	77,756	71,409	68,021	99,578	94,226
Mail	6,973	4,950	4,264	4,225	2,253
Total cargo	84,729	76,359	72,285	103,803	96,479
Aircraft departures (b):					
Domestic	203,790	202,934	199,105	206,716	209,880
International	13,527	13,215	13,275	15,785	15,268
Total aircraft departures	217,317	216,149	212,380	222,501	225,148
Aircraft operations:					
Air carrier	191,893	195,916	211,998	253,024	280,062
Air taxi and commuter	248,390	242,697	218,172	203,629	181,025
General aviation	6,662	6,777	7,006	10,580	11,335
Military	100	110	140	153	100
Total aircraft operations	447,045	445,500	437,316	467,386	472,522
Landed weight (1,000-pound units):					
Passenger:					
U.S. carriers:					
Major/national	13,010,737	12,977,875	14,339,238	17,359,185	19,070,127
Commuter/regional	6,925,445	6,296,021	5,589,520	4,614,483	3,832,199
Subtotal – U.S. carriers	19,936,182	19,273,896	19,928,758	21,973,668	22,902,326
Foreign flag	354,984	336,429	439,368	626,107	624,960
Subtotal – passenger	20,291,166	19,610,325	20,368,126	22,599,775	23,527,286
All cargo	632,547	556,940	636,520	759,135	829,417
Total landed weight	20,923,713	20,167,265	21,004,646	23,358,910	24,356,703

(a) 2011 originating and connecting activity statistics are estimated based on calendar-year percentages.

(b) 2011 departures are estimated based on both actual and scheduled data.

Sources: Wayne County Airport Authority records, U.S. Department of Transportation T100 and Commuter (298c) data, the Origin and Destination Passenger Ticket Survey, the BACK Aviation Database (2007-2010), and the OAG Aviation Database (2011)

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #15

Nonstop International Destinations Added and Dropped

Calendar years ending December 31

(Unaudited)

Year	Cities added	Cities dropped	Net change
2011	Beijing, China Tokyo (Haneda), Japan		2
2010	Sao Paulo, Brazil Hong Kong, China Seoul, Rep of Korea	Osaka, Japan London (Gatwick), England Kitchener/Waterloo, Canada Winnipeg (Manitoba), Canada Charlottetown, Canada	(2)
2009	Rome, Italy Shanghai (Pu Dong), China	Dusseldorf, Germany Ixtapa/Zihuatanejo, Mexico	—
2008	Monterrey, Mexico	Acapulco, Mexico Aruba, Aruba Brussels, Belgium Mazatlan, Mexico	(3)
2007	Acapulco, Mexico Aruba, Aruba Brussels, Belgium Dusseldorf, Germany		4

Notes: Data reflect new and discontinued nonstop international destinations served from DTW during the entire calendar year.

Source: OAG Aviation Database

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #16

Historical Operating Results

Operating Years Ended September 30

(Unaudited)

	OY 2011	OY 2010	OY 2009	OY 2008	OY 2007
Operating revenues:					
Airport landing and related fees	$ 68,473	69,652	59,723	84,022	58,741
Concession fees	50,576	47,975	48,425	51,851	50,242
Parking fees	54,145	48,309	49,911	58,683	58,859
Rental facilities	93,866	89,671	88,230	51,431	50,722
Utility service fees	4,879	4,332	4,320	4,498	4,078
Other	5,716	6,935	4,100	5,024	6,371
Total operating revenues	277,655	266,874	254,709	255,509	229,013
Operating expenses:					
Salaries, wages, and fringe benefits	70,218	68,799	72,696	75,214	69,877
Parking management	6,794	6,505	7,082	8,905	10,325
Janitorial services	11,143	10,972	10,584	2,403	2,418
Security	2,402	2,293	2,657	2,758	3,433
Utilities	24,145	25,789	26,499	29,166	25,143
Repairs, professional services, and other	76,770	72,172	67,310	80,699	73,020
Depreciation	134,660	136,688	135,777	120,145	111,942
Total operating expenses	326,132	323,218	322,605	319,290	296,158
Operating loss	(48,477)	(56,344)	(67,896)	(63,781)	(67,145)
Nonoperating revenues (expenses):					
Passenger facility charges	62,197	60,306	59,712	68,203	70,754
Federal and state grants	1,185	1,231	999	1,969	5,867
Interest income and other	3,340	4,948	7,070	27,970	44,897
Interest expense and other	(85,322)	(99,602)	(111,113)	(94,695)	(99,406)
Amortization of bond issuance costs	(1,583)	(1,837)	(1,615)	(1,985)	(1,936)
Total nonoperating revenue (expenses)	(20,183)	(34,954)	(44,947)	1,462	20,176
Net loss before capital contributions and transfers	(68,660)	(91,298)	(112,843)	(62,319)	(46,969)
Capital contributions	15,875	25,869	27,431	52,218	58,787
Transfers out	(1,252)	(1,490)	(8,178)	(2,813)	(1,419)
Changes in net assets	(54,037)	(66,919)	(93,590)	(12,914)	10,399
Net assets – beginning of year	513,978	580,897 [1]	623,528	636,442	626,043
Net assets – end of year	$ 459,941	513,978	529,938	623,528	636,442

[1] In 2010, Detroit Metro Airport restated beginning net assets to $580,897 (see Note 2 of 2010 financial statements for additional discussion). This amount less the 2006 decrease in net assets is used to arrive at ending net assets.

Source: Audited Financial Statements of the Wayne County Airport Authority.

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #17

Top 20 Domestic O&D Markets

Calendar year ended December 31, 2010

(Unaudited)

Rank	Market	Total O&D Passengers	Percentage of O&D Passengers	Primary Carrier	Market Share	Secondary Carrier	Market Share	Non-Stop Service
1	New York	884	6.7%	Delta	64.8%	Spirit	15.0%	●
2	Orlando	826	6.3%	Delta	67.4%	Spirit	14.9%	●
3	Baltimore/Wash Intl	698	5.3%	Delta	70.9%	Southwest	24.5%	●
4	Las Vegas	681	5.2%	Delta	67.0%	Spirit	25.0%	●
5	Florida South	652	5.0%	Delta	64.3%	Spirit	33.0%	●
6	Los Angeles	648	4.9%	Delta	64.0%	Spirit	9.3%	●
7	Chicago	515	3.9%	Delta	49.2%	Southwest	25.3%	●
8	Atlanta	490	3.7%	Delta	71.2%	AirTran	27.0%	●
9	Tampa	445	3.4%	Delta	69.4%	Spirit	25.1%	●
10	Phoenix	405	3.1%	Delta	62.2%	US Airways	20.2%	●
11	Fort Meyers	393	3.0%	Delta	63.5%	Spirit	40.3%	●
12	San Francisco	381	2.9%	Delta	68.8%	Southwest	11.8%	●
13	Denver	343	2.6%	Delta	48.4%	Frontier	28.6%	●
14	Dallas	326	2.5%	American	54.1%	Delta	37.7%	●
15	Boston	262	2.0%	Delta	84.2%	US Airways	13.0%	●
16	Philadelphia	232	1.8%	Delta	49.7%	US Airways	49.6%	●
17	Houston	232	1.8%	Continental	43.3%	Delta	35.5%	●
18	Minneapolis/St. Paul	213	1.6%	Delta	92.2%	Southwest	5.9%	●
19	Seattle	207	1.6%	Delta	79.7%	Southwest	5.8%	●
20	St. Louis	194	1.5%	Delta	65.7%	Southwest	36.8%	●
Other O&D Markets		4,109	31.2%					
Domestic O&D Passengers		13,136						
O&D % of Domestic Passengers		44%						

Note: Figures may not add due to rounding

Source: Wayne County Airport Authority records; U.S. Department of Transportation, Origin & Destination Survey of Airline Passenger Traffic, Domestic

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #18

Top 20 International O&D Markets

Calendar year ended December 31, 2010

(Unaudited)

Rank	Market	Total O&D Passengers	Non-Stop Service
1	Cancun	86,548	●
2	Montego Bay	32,380	●
3	London (Heathrow)	31,936	●
4	Mexico City	30,663	●
5	Shanghai	27,179	●
6	Frankfurt	26,442	●
7	Tokyo	22,005	●
8	Seoul	20,390	●
9	Rome	17,647	●
10	Los Cabos	16,823	●
11	Puerto Vallarta	16,426	●
12	Amsterdam	16,164	●
13	Punta Cana	15,895	●
14	Nassau	13,558	●
15	Monterrey	13,374	●
16	San Jose	12,789	
17	Montreal	12,747	●
18	Aruba	12,069	
19	Nagoya	10,755	●
20	Paris	10,413	●

Source: US DOT Origin & Destination Survey of Airline Passenger Traffic, Domestic via Sabre ADI, Adjusted for Foreign Flag Carriers

See accompanying independent auditor's report.

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE, THE SERIES 2010 REFUNDING ORDINANCE AND THE SERIES 2012 ORDINANCE

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SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE, THE SERIES 2010 REFUNDING ORDINANCE AND THE SERIES 2012 ORDINANCE

The following is a summary of certain provisions of the Master Bond Ordinance, the Series 2010 Refunding Ordinance and the Series 2012 Ordinance. This summary does not purport to be comprehensive or definitive and is qualified in its entirety by reference to and subject to the provisions of the complete Master Bond Ordinance, the Series 2010 Refunding Ordinance and the Series 2012 Ordinance. Capitalized terms used herein have the meanings established in the Master Bond Ordinance, the Series 2010 Refunding Ordinance and the Series 2012 Ordinance, as more particularly described herein; see "Selected Definitions" from the "Master Bond Ordinance," "Selected Definitions" from the Series 2010 Refunding Ordinance and "Selected Definitions" from the "Series 2012 Ordinance" sections below. This summary should be read in conjunction with the description of the Series 2012 Bonds and the Master Bond Ordinance in the Official Statement, particularly the sections entitled "SECURITY FOR THE SERIES 2012 BONDS," and "DESCRIPTION OF THE SERIES 2012 BONDS."

MASTER BOND ORDINANCE

The Wayne County Airport Authority, State of Michigan (the "Authority") has adopted the Master Bond Ordinance to provide for the acquisition and construction of capital improvements (the "Capital Improvement Program") at the Detroit Metropolitan Wayne County Airport (the "Airport").

The Master Bond Ordinance contemplates and authorizes the issuance of several Series of Bonds or Junior Lien Bonds through adoption of a Series Ordinance, authorizing the issuance and sale of each such Series of Bonds or Junior Lien Bonds in accordance with the provisions of the Master Bond Ordinance and amending and supplementing the Master Bond Ordinance. In addition, the Master Bond Ordinance contains certain requirements which must be met prior to the issuance of such additional Series of Bonds. See "SECURITY FOR THE SERIES 2012 BONDS — Additional Senior Lien Bonds" and "— Junior Lien Bonds."

Selected Definitions

The following are definitions of certain of the terms used in the Master Bond Ordinance. The words and terms used in the Master Bond Ordinance shall have the following meanings, unless some other meaning is plainly intended and shall be either singular or plural, as the context may require.

"Accountant" means an independent certified public accountant or a firm of independent certified public accountants having a favorable reputation for skill in performing similar duties to the duties imposed on the Accountant under the Master Bond Ordinance selected by the Authority Board from recommendations made by the Audit Committee as provided in Act 90.

"Act 90" means Act 90, Public Acts of Michigan, 2002.

"Act 94" means Act 94, Public Acts of Michigan, 1933, as amended.

"Act 34" means Act 34, Public Acts of Michigan, 2001, as amended.

"Act 327" or *"Aeronautics Code"* means Act 327, Public Acts of Michigan, 1945, as amended.

"Additional Bonds" means airport revenue bonds of equal standing with the Bonds, issued under and in accordance with the Master Bond Ordinance for the purposes set forth in Section 208 of the Master Bond Ordinance.

"Airport" means the entire Detroit Metropolitan Wayne County Airport, including all of its properties, real, personal or mixed, all buildings and all other improvements, additions or extensions thereto located thereon or appurtenant thereto, now existing or hereafter acquired.

"Airport Consultant" means any professionally qualified person, firm or corporation recognized in the air transportation industry and of favorable reputation for skill and experience in performing the duties of providing consulting services to airport operators at airports comparable in size and function to the Airport.

"Airport Development Fund" means the fund created pursuant to Section 501G of the Master Bond Ordinance.

"Airport Discretionary Fund" means the fund created by Section 501F of the Master Bond Ordinance.

"Authority" means the Wayne County Airport Authority created by Act 90.

"Authority Board" means the governing body of the Authority.

"Authorized Officer" means the Chief Executive Officer, the Chief Financial Officer, or officer designated by the Authority Board for the Authority or the designee of any of them.

"Bonds" means any bond or Series of bonds, established and created by the County under Section 202A of Ordinance No. 319 or by the Authority under Section 202A of the Master Bond Ordinance and issued pursuant to a Series Ordinance, and Reimbursement Obligations of equal standing with the Bonds established and created by a Series Ordinance.

"Bond Counsel" means any nationally recognized bond counsel acceptable to the Trustee and the Authority.

"Bond Fund" means the fund created pursuant to Section 501B of the Master Bond Ordinance.

"Bond Payment Date" means any of the dates specified in a Series Ordinance for payment of interest, or interest and principal on the Bonds or Junior Lien Bonds.

"Bond Reserve Account" means the account in the Bond Fund created pursuant to Section 501B of the Master Bond Ordinance.

"Bondholder" or any similar term means any person or party who shall be the registered owner of any Bond or Junior Lien Bond.

"Capital Improvement Program" means the ongoing program of capital improvements at the Airports, as approved by the County prior to August 9, 2002, or since that date by the Authority as the successor to the County, as the same may be modified from time to time by the Authority.

"Chief Executive Officer" means the Chief Executive Officer of the Authority.

"Chief Financial Officer" means the Chief Financial Officer of the Authority.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations, rulings and court decisions thereunder, as the context may require.

"Completion Date" means the date on which the acquisition, construction and installation of the portion of the Capital Improvement Program to be financed with the proceeds of a particular Series of Bonds or Junior Lien Bonds is complete, as evidenced by the filing of a Completion Certificate with the Trustee.

"Construction Fund" means the fund created pursuant to Section 401 of the Master Bond Ordinance.

"Consulting Architect or Engineer" means an independent architect or engineer or firm of professional architects or engineers, registered pursuant to the laws of the State of Michigan, from time to time selected by the Authority in accordance with its procurement policy and Act 90 to design or supervise the design and oversee the construction and installation of the Capital Improvement Program or components of the Capital Improvement Program.

"County" means the Charter County of Wayne, State of Michigan.

"Credit Entity" means with respect to a Series of Bonds or Junior Lien Bonds or a maturity of such Series a commercial bank, a bond insurance company, any other financial institution or combination of such financial

institutions or governmental entity which issues a Credit Facility for such Series of Bonds or Junior Lien Bonds or maturities but only while such Credit Facility is outstanding or Reimbursement Obligations or Junior Lien Reimbursement Obligations or other amounts are outstanding under any written agreement with a Credit Entity pursuant to which a Credit Facility is issued.

"Credit Facility" means one or more credit facilities with respect to a Series of Bonds or Junior Lien Bonds or maturity of such Series consisting of an irrevocable and unconditional letter of credit, line of credit, bond purchase agreement, municipal bond insurance policy, surety bond or other credit enhancement facility issued by a Credit Entity as described in Section 213 of the Master Bond Ordinance to provide moneys for the purpose of paying the principal (whether upon tender or upon maturity or redemption) of and the interest on such Series of Bonds or Junior Lien Bonds but only while such Credit Facility is outstanding.

"Debt Service" means the amount scheduled to become due and payable annually on all Outstanding Bonds and Junior Lien Bonds as (i) interest, exclusive of interest capitalized on such Outstanding Bonds and Junior Lien Bonds and paid from the proceeds of a Series of Bonds or Junior Lien Bonds or investment earnings on such capitalized interest, plus (ii) principal, plus (iii) Mandatory Redemption Requirements. For purposes of calculating Debt Service:

(i) All principal payments shall be made as and when the same shall become due or upon mandatory redemption;

(ii) Outstanding Variable Rate Bonds shall be deemed to bear interest during any period after the date of calculation at a fixed annual rate equal to the weighted average of the actual rates on such Variable Rate Bonds for each day during the 365 consecutive days (or any lesser period such Variable Rate Bonds have been Outstanding) ending on the last day of the month next preceding the date of computation, or at the effective fixed annual rate thereon as a result of a Swap Agreement with respect thereto; provided, that such effective fixed annual rate for Variable Rate Bonds subject to a Swap Agreement must be utilized as long as such Swap Agreement is contracted to remain in full force and effect, and provided, further, that for purposes of establishing compliance with the requirements of Section 208 of the Master Bond Ordinance, Outstanding Variable Rate Bonds shall be deemed to bear interest as provided for Variable Rate Bonds proposed to be issued in clause (iii) below;

(iii) Variable Rate Bonds proposed to be issued shall be deemed to bear interest at a fixed annual rate equal to the average of the interest rates published in The Bond Buyer Revenue Bond Index during the twelve (12) months preceding the date of issuance of such Variable Rate Bonds, or at the effective fixed annual rate thereon as a result of a Swap Agreement with respect to such Variable Rate Bonds; and provided, that such effective fixed annual rate must be utilized only so long as such Swap Agreement is contracted to remain in full force and effect;

(iv) Any computation of Debt Service shall recognize and give effect to the alternative, rather than the cumulative, nature of obligations on Bonds or Junior Lien Bonds, including any related Reimbursement Obligations or Junior Lien Reimbursement Obligations to a provider of credit enhancement or a liquidity facility securing payment of such Bonds or Junior Lien Bonds. A termination payment which becomes payable pursuant to the terms of a Swap Agreement entered into after 1996 shall constitute interest as provided in Act 34.

"Default" means a default or event of default as such terms are defined in Section 701 of the Master Bond Ordinance.

"Government Obligations" means any of the following which at the time of investment are legal investments under Michigan law for the moneys proposed to be invested therein: investments described in Section 506(i) or (ii) of the Master Bond Ordinance.

"Insurance Consultant" means an independent person or a firm of persons having skill and experience in dealing with the insurance requirements of enterprises similar to the Airport and in performing the duties to be imposed upon it by the Master Bond Ordinance.

"Issuance Costs" means items of expense payable or reimbursable directly or indirectly by or to the Authority and related to the authorization, sale and issuance of Bonds or Junior Lien Bonds and authorization of the Master Bond Ordinance, which items of expense shall include, but not be limited to, application fees and expenses, publication costs, printing costs, costs of reproducing documents, filing and recording fees, Bond Counsel, financial and other consultants' fees, initial Trustee's fees, underwriters' fees and discount, costs of credit ratings, costs of Credit Facilities and charges for execution, transportation and safekeeping of the Bonds or Junior Lien Bonds and related documents, and other costs, charges and fees in connection with the foregoing.

"Junior Lien Bond Fund" means the fund created pursuant to Section 501C of the Master Bond Ordinance.

"Junior Lien Bonds" means any bonds or Series of bonds, issued by the County under Section 202B of Ordinance No. 319 or by the Authority under Section 202B of the Master Bond Ordinance, issued pursuant to a Series Ordinance and payable from Net Revenues deposited in the Junior Lien Bond Fund after satisfaction of requirements for funding the Bond Fund, and Junior Lien Reimbursement Obligations established and created by a Series Ordinance.

"Junior Lien Reimbursement Obligations" means any obligations to repay a Credit Entity for payments of Debt Service made with respect to a Series of Bonds or Junior Lien Bonds, as provided in any written agreement between the Authority and a Credit Entity pursuant to which a Credit Facility is issued, which Junior Lien Reimbursement Obligations may be evidenced by Refunding Bonds or Junior Lien Bonds or contractual undertakings with the Credit Entity.

"Mandatory Redemption Requirement" means as to each Series of Bonds or Junior Lien Bonds for any year, the principal amount of Bonds or Junior Lien Bonds of such series subject to mandatory sinking fund redemption in such year, as provided in the Series Ordinance or Sale Resolution for each Series of Bonds or Junior Lien Bonds.

"Master Bond Ordinance" means the Master Bond Ordinance as from time to time restated, amended or supplemented by supplemental ordinances in accordance with the terms and provisions hereof, and shall include the Series Ordinance and Sale Resolution (if any) or Order (if any) of the Chief Executive Officer, for each Series of Bonds or Junior Lien Bonds.

"Net Proceeds" means the gross proceeds derived by the Authority from insurance or as an award arising from condemnation of all or part of either of the Airports, less payment of attorneys fees and other expenses properly incurred in the collection thereof.

"Net Revenues" means Revenues less Operation and Maintenance Expenses.

"Operating Reserve Amount" means the amount required in Section 501D of the Master Bond Ordinance to be on deposit in the Operation and Maintenance Reserve Fund.

"Operating Year" means the fiscal year of the Authority.

"Operation and Maintenance Expenses" means the reasonable expenses of administration, operation and maintenance of the Airport.

"Operation and Maintenance Fund" means the fund created pursuant to Section 501A of the Master Bond Ordinance.

"Operation and Maintenance Reserve Fund" means the fund created pursuant to Section 501D of the Master Bond Ordinance.

"Ordinance No. 319" means Amended and Restated Ordinance No. 319 of the County, most recently dated April 14, 1998, and effective August 16, 1998, and superseded and replaced by the Master Bond Ordinance.

"Other Available Moneys" means, for any Operating Year, the amount of money determined by the Chief Financial Officer in concurrence with the Chief Executive Officer to be transferred by the Authority for such Operating Year from PFCs or other sources other than Revenues to the Bond Fund or the Junior Lien Bond Fund.

"Outstanding" means, as of any date, all Bonds or Junior Lien Bonds which have been authenticated and delivered by the Trustee (including Bonds or Junior Lien Bonds tendered which may be owned by the Authority, from time to time prior to the remarketing thereof), except:

(i) Bonds or Junior Lien Bonds (or portions of Bonds or Junior Lien Bonds) for the payment or redemption of which there shall be held in trust by the Trustee under the Master Bond Ordinance (whether at or prior to maturity or redemption) (a) moneys equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption or (b) Sufficient Government Obligations in such principal amounts, having such maturities and bearing such interest, as together with the moneys described in clause (a), if any, shall be sufficient without reinvestment to pay when due the principal amount or Redemption Price, as the case may be, with interest due to the date of maturity or redemption; provided, that if such Bonds or Junior Lien Bonds are to be redeemed, notice of such redemption shall have been given as provided in Article III of the Master Bond Ordinance or provisions satisfactory to the Trustee shall have been made for giving of such notice, (ii) Bonds or Junior Lien Bonds in lieu of or substitution for which other Bonds or Junior Lien Bonds shall have been delivered pursuant to Ordinance No. 319 or the Master Bond Ordinance, (iii) Bonds or Junior Lien Bonds deemed to have been paid or defeased as provided under Ordinance No. 319 or the Master Bond Ordinance and (iv) Bonds or Junior Lien Bonds subject to a mandatory tender which have not been tendered prior to the related tender date which are deemed to have been redeemed.

"Passenger Facility Charge" or *"PFC"* means the passenger facility charge as authorized under 49 U.S.C. § 40117, or any predecessor or successor law, and as approved by the Federal Aviation Administration (or successor agency) from time to time, or such other similar charge imposed by the Authority on passengers enplaned at the Airport.

"Person" means any natural person, firm, partnership, entity or public body.

"Plans and Specifications" means the drawings, plans, blueprints and technical specifications approved by the Authority and relating to the design, installation and construction of various components of the Capital Improvement Program, as amended from time to time.

"Program Costs" shall be deemed to include the costs of design, acquisition, construction, installation, and financing of the Capital Improvement Program, including, but not limited to obligations of the Authority incurred for: (a) machinery, furnishings and equipment and for labor and to contractors, builders and materialmen in connection with the planning, design, acquisition, construction and installation of capital projects which comprise part of the Capital Improvement Program or any portion thereof; (b) the cost of contract bonds and of insurance of all kinds that may be required or necessary during the course of construction of capital projects which comprise part of the Capital Improvement Program or any portion thereof which is not paid by the contractor or contractors or otherwise provided for; (c) architectural and engineering expenses for test borings, surveys, estimates, Plans and Specifications and preliminary investigations therefor, and for supervising construction, as well as for the performance of all other duties required for the proper construction of capital projects which comprise part of the Capital Improvement Program or any portion thereof; (d) Issuance Costs; (e) all other costs which the Authority shall be required to pay, under the terms of any contract or contracts approved by the County or the Authority as the successor of the County, for the planning, design, acquisition, construction and installation of capital projects which comprise part of the Capital Improvement Program or any portion thereof including any legal costs and master planning, environmental and economic impact studies undertaken in connection therewith; (f) any sums required to reimburse the County, the Authority or any air carrier (pursuant to an agreement with the Authority) for advances made by it for any of the above items, or for any other costs incurred and for work done by any of them which are properly chargeable to the Capital Improvement Program; and (g) any other costs properly chargeable to the Construction Fund under Act 94.

"Rating Agency" means any nationally recognized rating service then rating the Bonds or Junior Lien Bonds.

"Rebate Fund" means the fund created pursuant to Section 503 of the Master Bond Ordinance.

"Redemption Price" means the principal of any Bond or Junior Lien Bonds which has been called for redemption, together with any premium thereon.

"Refunding Bonds" means any Bonds or Junior Lien Bonds issued pursuant to Section 209 of the Master Bond Ordinance.

"Reimbursement Obligations" means any obligations to repay a Credit Entity for payments of Debt Service made with respect to a Series of Bonds as provided in any written agreement between the Authority (as successor to the County or otherwise) and a Credit Entity pursuant to which a Credit Facility is issued, which Reimbursement Obligations may be evidenced by the Bonds of such Series, Refunding Bonds or contractual undertakings with the Credit Entity.

"Renewal and Replacement Fund" means the fund created pursuant to Section 501E of the Master Bond Ordinance.

"Replacement Requirement" means the amount required in Section 501E of the Master Bond Ordinance to be on deposit in the Renewal and Replacement Fund.

"Reserve Requirement" means an amount equal to the maximum annual Debt Service requirements for each Series of Outstanding Bonds which amount is required to be on deposit or, if permitted by law, otherwise provided for (including, but not limited to, through provision of a letter of credit, surety bond or insurance policy in the same amount) in the Bond Reserve Account; provided, however, that such requirement may be satisfied by a deposit at the time of issuance of a Series of Bonds or by an accumulation on a scheduled basis of Bond proceeds, investment earnings or other deposits which will result in an amount equal to the Reserve Requirement for such Series of Bonds being on deposit no later than the date of the last scheduled application of all capitalized interest for such Series; provided, further, that with respect to a Series of Bonds which are proposed to be issued as Variable Rate Bonds, the Reserve Requirement shall be calculated utilizing the assumptions set forth under subparagraph (iii) of the definition of Debt Service; and provided that in no event shall the Reserve Requirement exceed the maximum permitted by the Code. Any Reserve Requirement with respect to one or more Series of Junior Lien Bonds shall be established by the related Series Ordinance.

"Revenue Fund" means the fund created pursuant to Section 501 of the Master Bond Ordinance.

"Revenues" means the general revenues derived from the operation of the Airport, which shall include all moneys deposited in the Revenue Fund, from whatever source, and all income derived from the charges, fees, rentals and rates charged for services, facilities and commodities furnished by the Airport, whether such income shall be derived from its function as an Airport or not, and including, but not by way of limitation, concessions, rentals, auto parking fees, service charges derived from the operation of the terminal complex buildings and facilities, airplane landing fees, non-airline gasoline fees and miscellaneous charges and rentals from other facilities and services and investment earnings or general revenues derived from the operation of the Airport accumulated by the Authority prior to deposit in the Revenue Fund; provided, however, that the term "Revenues" shall not be construed to include (i) rentals or other amounts to be paid in the future by any Person pursuant to a lease or other agreement with the County or the Authority, which rentals or other amounts are pledged for the payment of bonds issued to provide funds to construct Special Facilities, (ii) the proceeds of federal grants or Passenger Facility Charges, or the proceeds of any other grant, charge or tax intended as a replacement therefor or other capital contributions from any source, (iii) the Net Proceeds of insurance or condemnation proceeds resulting from the damage or destruction or taking of any portion of the Airport or (iv) Special Purpose Revenues.

"Sale Resolution" or *"Sale Order"* means a resolution or resolutions of the County adopted by the County Commission in accordance with Ordinance No. 319 prior to the Approval Date or the Authority adopted by the Authority Board in accordance with Article II of the Master Bond Ordinance or an Order of the County Executive Officer of the County prior to the Approval Date or of the Chief Executive Officer of the Authority authorizing the sale of a Series of Bonds or Junior Lien Bonds in accordance with the terms and provisions of Ordinance No. 319 or the Master Bond Ordinance and a Series Ordinance.

"Series" means a Series of Bonds or Junior Lien Bonds issued and sold pursuant to a Series Ordinance and the Master Bond Ordinance or Ordinance No. 319.

"Series Ordinance" means an ordinance or ordinances, including, if necessary, a Sale Resolution or Order, of the County prior to the Approval Date or the Authority as successor to the County authorizing the issuance and sale of a Series of Bonds or Junior Lien Bonds in accordance with the provisions hereof, adopted by the County (prior to the Approval Date) or the Authority as successor to the County or executed by the County Executive or the County (prior to the Approval Date) or the Authority's Chief Executive Officer in accordance with Article X of the Master Bond Ordinance.

"Special Facilities" means a building or buildings or facilities constructed at the Airport for the use of any Person including both terminal and non-terminal improvements for the use of such Person, either exclusively or in common with others, or for public use as agreed upon by the Authority and such Person, for which rentals or other amounts are to be paid by such Person pursuant to a lease or other agreement assumed by or with the Authority, which rentals or other amounts are pledged for the payment of bonds issued by the County or the Authority to construct such facilities.

"Special Purpose Revenues" means specific categories of revenues, income, receipts or money of a type not previously included in Revenues, relating to or arising form a definable service, facility or program of the Authority or at either of the Airports, which (1)(i) are designated as Special Purpose Revenues by the Authority before the first receipt by the Authority of such category or portion of revenues, income, receipts or money or (ii) are statutorily designated for restricted purposes under state law; and (2) are restricted as to use by the Authority.

"Sufficient Government Obligations" means (a) direct obligations of the United States of America or (b) obligations the principal of and interest on which are fully guaranteed by the United States of America, and which (i) are not redeemable at the option of the issuer and (ii) without reinvestment of the interest, come due at such times and in such amounts as to be fully sufficient to pay the principal or Redemption Price and interest, respectively, as each becomes due on the Bonds or Junior Lien Bonds.

"Swap Agreement" means any interest rate exchange or swap, hedge or other similar agreement or agreements entered into in connection with the issuance of obligations or other evidences of indebtedness or in connection with the Authority's then Outstanding Bonds or Junior Lien Bonds within the limitations provided by Act 34 or its predecessor statute.

"Swap Provider" means any party with whom the Authority (as successor to the County or otherwise) has or shall enter into a Swap Agreement.

"Trustee" means an independent bank or trust company qualified and appointed pursuant to Article IX of the Master Bond Ordinance to act as Trustee under the Master Bond Ordinance and any company into which the Trustee may be merged or converted or with which it may be consolidated, or any company resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a trust company or bank which is qualified to be a successor Trustee under Section 907 of the Master Bond Ordinance, or any other bank or trust company at any time substituted in its place pursuant to the Master Bond Ordinance.

"Variable Rate Bonds" means any Bonds or Junior Lien Bonds the interest rate on which is not fixed to maturity as of the date of the calculation being performed.

Defeasance

The statutory lien upon the Net Revenues established by the Master Bond Ordinance shall continue until payment in full of the principal or Redemption Price and interest on the Bonds and Junior Lien Bonds or until sufficient cash or Sufficient Government Obligations shall have been deposited in trust for payment in full of all Bonds and Junior Lien Bonds to be defeased and sufficient funds shall have also been provided for paying all other obligations payable under the Master Bond Ordinance by the Authority with respect to the Bonds and Junior Lien Bonds to be defeased. If any of the Bonds or Junior Lien Bonds are to be called for redemption prior to maturity, irrevocable instructions to call the Bonds or Junior Lien Bonds for redemption shall be given to the Trustee after such deposit has been made.

Upon deposit of sufficient cash or Sufficient Government Obligations, as provided above, the statutory lien shall be terminated with respect to the Bonds or Junior Lien Bonds to be paid or defeased, the holders of such Bonds or Junior Lien Bonds shall have no further rights under the Master Bond Ordinance except for payment from the deposited funds and the replacement or transfer of registration of Bonds or Junior Lien Bonds, and such Bonds or Junior Lien Bonds shall no longer be considered to be Outstanding. The Authority shall not defease Variable Rate Bonds without having first obtained a confirmation of the rating on such Variable Rate Bonds from each nationally-recognized rating agency then rating the Variable Rate Bonds indicating that the rating on such Variable Rate Bonds will not be reduced or withdrawn due to the defeasance.

Proceeds; Construction Fund; Surplus Bond Proceeds

The proceeds of the sale of each Series of Bonds or Junior Lien Bonds shall be immediately deposited with the Trustee in the Funds and Accounts as specified in the Series Ordinance for such Series, provided, that (i) an amount equal to the accrued interest and premiums, if any, received on the delivery of such Series of Bonds or Junior Lien Bonds and an amount equal to any capitalized interest on such Series of Bonds or Junior Lien Bonds to be paid from Bond or Junior Lien Bond proceeds shall be deposited in the Bond Fund or Junior Lien Bond Fund, as appropriate and (ii) any Bond or Junior Lien Bond proceeds required to satisfy a Reserve Requirement shall be deposited in the Bond Reserve Account in the Bond Fund or the Junior Lien Bond Reserve Account in the Junior Lien Bond Fund, as appropriate and (iii) Bond or Junior Lien Bond proceeds to be used to pay Program Costs shall be deposited in a separate account established for such Series in the Construction Fund.

The Issuance Costs for a Series of Bonds or Junior Lien Bonds shall be paid or reimbursed by the Trustee out of the Construction Fund upon presentation of a requisition certificate by the Authority. The Trustee shall make disbursements from the Construction Fund to pay or reimburse other Program Costs in accordance with requisition certificates submitted by the Authority from time to time, executed by an Authorized Officer supported by an itemization of the Program Costs being financed with the proceeds of the particular Series of Bonds or Junior Lien Bonds for which payment or reimbursement is requisitioned thereby in sufficient detail to evidence the purpose for which such costs were incurred.

The Authority shall proceed with reasonable dispatch to acquire, construct, install and complete capital projects or to cause the same to occur substantially in accordance with the Plans and Specifications. Completion of construction and installation of capital improvements shall be signified by the prompt filing with the Trustee of a completion certificate ("Completion Certificate") executed by an Authorized Officer.

All proceeds of a Series of Bonds or Junior Lien Bonds and investment earnings thereon deposited in the related account in the Construction Fund in excess of the amount actually used for construction or required for completion of construction (other than sums for construction for which payment is not yet due) of the capital improvements in anticipation of which such Series of Bonds or Junior Lien Bonds was issued and capitalized interest remaining on deposit in the related subaccount in the Capitalized Interest Account ("Surplus Bond Proceeds") shall, if permitted by law, and subject to the Master Bond Ordinance, be used to satisfy any rebate obligations with respect to such Series of Bonds or Junior Lien Bonds or for such other capital projects (and capitalized interest related thereto) in the Capital Improvement Program or, upon receipt of a Completion Certificate, be immediately transferred by the Trustee to the general account in the Bond Fund or Junior Lien Bond Fund as appropriate, designated the "Surplus Bond Proceeds Account" to be applied as follows. Surplus Bond Proceeds may be applied, in certain instances, to (i) make principal payments next coming due on the Bonds or Junior Lien Bonds and (ii) redeem Bonds or Junior Lien Bonds. In no event shall Surplus Bond Proceeds so transferred to the Bond Fund or Junior Lien Bond Fund or the investment income thereon be used to pay interest on the Bonds or Junior Lien Bonds unless in the opinion of Bond Counsel such use would not impair the tax exempt status of the Bonds or Junior Lien Bonds.

Investments

Except as otherwise provided in the Master Bond Ordinance, or as further limited by agreement with a Credit Entity, moneys in the Funds and Accounts established in the Master Bond Ordinance and moneys derived from the proceeds of sale of the Bonds or Junior Lien Bonds may be invested at the oral direction of the Chief Financial Officer, confirmed in writing, to the extent consistent with Act 94 as then in effect, by the Trustee or by the Chief Financial Officer, as the case may be, in investments permitted by Act 20, Michigan Public Acts of 1943, as amended.

Investment of moneys in the Bond Fund or Junior Lien Bond Fund being accumulated for payment of the next maturing principal or interest payment of the Bonds or Junior Lien Bonds shall be limited to (i) direct obligations of the United States of America or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America; and (ii) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself); U.S. Export-Import Bank (Eximbank) direct obligations or fully guaranteed certificates of beneficial ownership; Farmers Housing Administration (FmHA) certificates of beneficial ownership; Federal Financing Bank; Federal Housing Administration Debentures (FHA); General Services Administration Participation Certificates; Government National Mortgage Association (GNMA or "Ginnie Mae") GNMA-guaranteed mortgage-backed bonds; GNMA-guaranteed pass-through obligations; U.S. Maritime Administration Guaranteed Title XI financing; U.S. Department of Housing and Urban Development (HUD) Project Notes, Local Authority Bonds, New Communities Debentures – U. S. government guaranteed debentures, U.S. Public Housing Notes and Bond – U.S. government guaranteed public housing notes and bonds; bearing maturity dates not later than one (1) business day prior to the date of the next maturing principal or interest payment on the Bonds or Junior Lien Bonds and any securities representing investment of the same shall be kept on deposit with the Trustee. Investment of moneys in the Bond Reserve Account or the Junior Lien Bond Reserve Account shall be limited to obligations bearing maturity dates or subject to redemption at the option of the owner thereof, not later than five years from the date of the investment or such lesser period of time until final maturity of the related Bonds or Junior Lien Bonds.

The Authority shall cause investments credited to the Bond Reserve Account and the Junior Lien Bond Reserve Account to be valued at least semiannually by the Accountant on the first day of each Operating Year and semiannually thereafter, at the then market value thereof, and, in the event such investments are valued at less than ninety percent (90%) of the related Reserve Requirement, budget such additional deposits at the beginning of the next quarter in an amount necessary to restore the Bond Reserve Account or the Junior Lien Reserve Account, as the case may be, to the full amount of the related Reserve Requirement within 18 months.

Covenants and Representations of the Authority

Management

The operation, maintenance and management of the Airport shall continue to be under the supervision and control of the Authority. The Chief Executive Officer shall establish and enforce reasonable rules and regulations governing the operation and use of the Airport, operate the Airport in an efficient and economical manner, maintain the properties constituting the Airport in good repair and in sound operating condition for so long as the same are necessary to the operation of the Airport on a Revenue-producing basis. Powers conferred on the Authority shall, unless otherwise specifically provided, be exercised or performed by the Chief Executive Officer.

Operating Year

The Airport shall continue to be operated on the basis of an Operating Year which currently begins on October 1 of each year.

No Free Service or Use

No free service or use of the Airport, or service or use of the Airport at less than cost, shall be furnished by the Airport to any person, firm or corporation, public or private, or to any public agency or instrumentality.

Insurance

Generally

While any Bonds or Junior Lien Bonds remain Outstanding under the Master Bond Ordinance the Authority shall maintain or cause to be maintained insurance (which may include self-insurance) on all physical properties belonging to the Airport and/or operations of the Airport, or the kinds and in the amounts normally carried by agencies engaged in the operation of airports and reasonably available to the Authority. The Authority shall retain an Insurance Consultant for the Airport for the purpose of determining compliance with this requirement.

The Authority shall, and the Trustee may, demand, collect and sue for the insurance money that may become due and payable under any policies payable to it. Any appraisal or adjustment of any loss of damages and any settlement or payment of indemnity therefor that may be agreed upon between the Authority and any insurer shall be evidenced to the Trustee by a certificate signed by the Authorized Officer.

The Authority shall require the Insurance Consultant to report to it annually on December 1 on the adequacy of the Authority's insurance coverage under the Master Bond Ordinance. A signed copy of any reports of any Insurance Consultant required hereby shall be filed with the Chief Financial Officer and copies thereof shall be sent to the Trustee.

Notice of Taking; Cooperation of Parties

If any public authority or entity attempts to take or damage all or any part of the Airport through eminent domain proceedings, the Authority shall take prompt and appropriate measures to protect and enforce its rights and interests and those of the Trustee in connection with such proceedings. Upon receiving notice of the institution of eminent domain proceedings by any public instrumentality, body, agency or officer, the Authority shall deliver written notice thereof to the Trustee.

Insurance and Eminent Domain Proceeds

All Net Proceeds of all hazard insurance and all Net Proceeds resulting from eminent domain proceedings (excluding proceeds of insurance or condemnation awards which relate to Special Facilities and which are required under the terms of the related Series Ordinance to be otherwise directed) shall be paid to the Trustee and shall be deposited and applied at the election of the Authority as follows:

(1) deposited in the Construction Fund which shall be reactivated as necessary and used to promptly replace, repair, rebuild or restore the Airport to substantially the same condition as that which existed prior to such damage, destruction or taking, with such alterations and additions as the Authority may determine and as will not impair or otherwise adversely affect the revenue-producing capability of the Airport, provided that prior to the commencement of such replacement, repair, rebuilding or restoration, the Authority shall deliver to the Trustee a report of an Airport Consultant setting forth (A) an estimate of the total cost of the replacement, repair, rebuilding or restoration, (B) the estimated date upon which such replacement, repair, rebuilding or restoration will be substantially complete, and (C) a statement to the effect that Net Proceeds, together with other funds made available or to be made available or caused to be made available by the Authority, are projected to be sufficient to pay the costs of the replacement, repair, rebuilding or restoration of the Airport; or

(2) deposited in the Bond Fund or the Junior Lien Bond Fund, as the case may be and applied to the redemption of first the Bonds and then the Junior Lien Bonds, provided that Bonds or Junior Lien Bonds may be redeemed only if (A) the Airport has been restored to substantially the same condition as prior to such damage, destruction or taking or (B) the Authority has determined that the portion of the Airport damaged, destroyed or taken is not necessary to the operation of the Airport and that the failure of the Authority to repair and restore the same will not impair or otherwise adversely affect the revenue-producing capability of the Airport; or (C) the Airport Consultant has been unable to make the statement required by subparagraph (1)(C) of this paragraph.

If the Authority does not apply Net Proceeds or cause them to be applied, to replace, repair, rebuild, or restore the Airport, the Authority shall first redeem or purchase the Bonds and after redemption or purchase of all of the Bonds the Authority shall redeem or purchase the Junior Lien Bonds, in each case in accordance with Article III of the Master Bond Ordinance and the relevant Series Ordinance and transfer from the Construction Fund to the Bond Fund and the Junior Lien Bond Fund amounts sufficient to pay the Redemption Price or purchase price of the Bonds and the Junior Lien Bonds to be redeemed or purchased.

If the Authority elects to apply Net Proceeds, or cause them to be applied, to replace, repair, rebuild, or restore the Airport, the Authority shall retain such Net Proceeds in the Construction Fund and shall make disbursements therefrom, to the extent practicable, in accordance with the procedures and requirements set forth in Section 402 of the Master Bond Ordinance for requisitions from the Construction Fund.

Payment of Charges and Covenant Against Encumbrances

Except as permitted in the Master Bond Ordinance, the Authority shall not create or suffer to be created any lien or charge upon the Airport or any part thereof, or on the Net Revenues. The Authority shall pay or cause to be discharged, or shall make adequate provision to satisfy and discharge, within sixty (60) days after the same become due and payable, all lawful costs, expenses, liabilities and charges relating to the maintenance, repair, replacement or improvement of the properties constituting the Airport and the operation of the Airport if unpaid. The Authority shall not be required to pay or cause to be discharged, or make provision for the payment, satisfaction and discharge of, any lien, charge, cost, liability, claim or demand so long as the validity thereof is contested in good faith and by appropriate legal proceedings and so long as such contest will not cause an imminent sale or foreclosure of the Airport or any significant part thereof.

Sale of Airport

The Master Bond Ordinance generally prohibits the Authority from selling, transferring, assigning or otherwise disposing of all or any part of the properties constituting the Airport, with the following exceptions:

(i) the right to sell or dispose of any real property or any machinery, fixtures, apparatus or other personal property which is part of the Airport if the Authority determines that such property is not or is no longer needed or useful and that such sale will not impair the operating efficiency of the Airport or reduce the Authority's ability to satisfy the rate covenant as projected by the Airport Consultant;

(ii) the right, without notice to the Trustee, to demolish or remove

(a) all or any part of the passenger terminal facilities, including concourses, existing at the Airport on November 1, 1997, which are to be replaced through the construction of passenger terminal facilities, including concourses, as part of the Capital Improvement Program; or

(b) any other structures now or hereafter existing as part of the Airport, without obligation to make any replacement thereof or substitution therefor, provided that the Airport Director determines that the fair market value of the structures demolished or removed does not exceed $3,000,000.

(iii) notwithstanding the provisions of (ii) (a) above, the right to demolish or remove any structure if the Airport Director determines that such structure has become inadequate, unsuitable or unnecessary, if:

(a) prior to such removal or demolition the Authority gives written notice thereof to the Trustee, and

(b) (1) structures having a utility value at the Airport at least equal to that of the property demolished or removed are constructed, acquired, or substituted, or (2) there shall be filed with the Trustee prior to such demolition or removal a certificate signed by the Authorized Officer and approved by the Airport Consultant stating that Net Revenues for the Operating Year next succeeding that in which such demolition or removal occurs are projected to be sufficient to enable the Authority to meet the rate covenant, and in such case no substitution or replacement shall be required.

Proceeds resulting from any abandonment, sale or disposition of properties constituting the Airport shall be deposited, in the Authority's sole discretion, in the Construction Fund if the amount then on deposit therein is insufficient to pay Program Costs, or otherwise to the Renewal and Replacement Fund unless some other disposition is required by law or by contract.

Other Authority Covenants

So long as any Bond or Junior Lien Bond is Outstanding, the Authority covenants to comply or cause compliance with all applicable laws, orders, rules or regulations of any municipal or other governmental authority relating to the construction, use and operation of the Airport, and further covenants that it shall not create a lien upon the Airport.

Events of Default

Each of the following events is an "Event of Default" under the Master Bond Ordinance:

(a) the Authority shall default in the payment of the principal or Redemption Price of any Bond or Bonds or Junior Lien Bonds when and as the same shall become due, whether at maturity or upon redemption or otherwise;

(b) payment of any installment of interest on any Bond or Bonds or Junior Lien Bonds shall not be made, when and as the same shall become due;

(c) the Authority shall fail or refuse to comply with the provisions of the Master Bond Ordinance or shall default in the performance or observance of any other of the covenants, agreements or conditions contained in the Master Bond Ordinance, any supplemental ordinance, any resolution, or in the Bonds or Junior Lien Bonds and such failure, refusal or default shall continue for a period of 45 days after written notice specifying such default and requesting that it be corrected, to the Authority by the Trustee or to the Authority and the Trustee by the Holders of not less than twenty percent (20%) in principal amount of the outstanding Bonds and Junior Lien Bonds, provided that if prior to the expiration of such 45-day period the Authority institutes action reasonably designed to cure such default, no such "Event of Default" shall be deemed to have occurred upon the expiration of such 45-day period for so long as the Authority pursues such curative action with reasonable diligence;

(d) any proceeding shall be instituted by or against the Authority seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of thirty (30) days or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against it or the appointment of a receiver, trustee or other similar official for it or for any substantial part of its property) shall occur; or the Authority shall take any action to authorize any of the actions set forth above in this subsection (d).

No default in the payment of the principal of, interest on or Redemption Price of any Junior Lien Bond shall be considered a default for any Bond.

Remedies

Upon the happening and continuance of any Event of Default specified in the Master Bond Ordinance, the Trustee may, or upon the request of the holders of not less than twenty percent (20%) in principal amount of the Outstanding Bonds and Junior Lien Bonds shall proceed, in its own name, to protect and enforce its rights and the rights of the Bondholders, by suit, action, or other proceedings, and to protect and enforce the statutory lien on the Net Revenues and enforce and compel the performance of all duties of the officials of the Authority. The Trustee shall on behalf of the Bondholders be entitled as a matter of right, upon application to a court of competent jurisdiction, to have appointed a receiver of the Authority for the business and property of the Airport, or any part thereof, including all Revenues, issues, income, receipts and profits derived, received or had by the Authority thereof or therefrom, with such power as the Authority may have to operate and maintain such business and property, collect, receive and apply all Revenues, income, receipts and profits arising therefrom, and prescribe fees and other charges in the same way and manner as the Authority might do. The Trustee is entitled to indemnification against fees, costs, expenses and liabilities for its enforcing any of the remedies permitted by the Master Bond Ordinance on the terms provided by the Master Bond Ordinance in connection with its exercise of any of the foregoing remedies.

Limitation on Rights of Bondholders

No individual Bondholders may initiate legal proceedings to enforce rights under the Master Bond Ordinance unless such holder shall have given to the Trustee written notice of the Event of Default or breach of duty on account of which such proceeding is to be taken, and unless the holders of not less than twenty percent (20%) in principal amount of the Bonds or Junior Lien Bonds then Outstanding have made written request of the Trustee after the right to exercise such right of action has occurred, and have afforded the Trustee a reasonable opportunity either to exercise the powers granted to it under the Master Bond Ordinance or to institute such proceedings in its name and unless, also, there has been offered to the Trustee reasonable security and indemnity against fees, costs, expenses and liabilities, and the Trustee has refused or neglected to comply with such request within a reasonable time. No provision in the Master Bond Ordinance on defaults and remedies shall affect or impair the right of any Bondholder to enforce the payment of the principal of and interest on his or her Bonds or Junior Lien Bonds, or the obligation of the Authority to pay the same.

Application of Revenues and Other Moneys After Default

During the continuance of an Event of Default, the Trustee, except as otherwise provided in the provisions of the Master Bond Ordinance relating to remedies, shall apply moneys, securities, funds and Revenues and the investment income thereon in the Funds and Accounts as follows and in the following order:

(i) to the payment of the reasonable fees, charges, costs, expenses and liabilities of the Trustee and the Airport Consultant or any Consulting Architect or Engineer selected by the Authority pursuant to the Master Bond Ordinance;

(ii) to the payment of the amounts required for reasonable and necessary Operation and Maintenance Expenses; and for the reasonable renewals, repairs and replacements of the Airport necessary to prevent loss of Revenues, as certified to the Trustee by the Airport Consultant. For this purpose the books of records and accounts of the Authority relating to the Airport shall at all times be subject to the inspection of the Airport Consultant during the continuance of such Event of Default;

(iii) to the payment of the interest and principal or Redemption Price then due on the Bonds or Junior Lien Bonds, as follows:

FIRST: To the payment to the persons entitled thereto of all installments of interest on Bonds then due in order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference;

SECOND: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference;

THIRD: To the payment to the persons entitled thereto of all installments of interest on Junior Lien Bonds, including payments in the nature of interest payable to a Swap Provider under a Swap Agreement, then due in order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference;

FOURTH: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Junior Lien Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Junior Lien Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference; and

FIFTH: To the payment to any Swap Provider of any termination payment due and payable under a Swap Agreement, and if the amounts available shall not be sufficient to pay in full all termination payments due under the Swap Agreements then to the payment thereof ratably according to the amounts of termination payments due on such date to the persons entitled thereto without any discrimination or preference.

If and whenever all overdue installments of interest on all Bonds and Junior Lien Bonds, together with the reasonable fees, charges, costs, expenses and liabilities of the Trustee, and all other sums payable by the Authority to the Trustee under the Master Bond Ordinance, including the principal and Redemption Price of and accrued unpaid interest on the Bonds and Junior Lien Bonds which shall then be payable, shall either be paid by or for the account of the Authority, or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Master Bond Ordinance or the Bonds or Junior Lien Bonds shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, the Trustee shall pay over to the Authority all moneys, securities, funds and Revenues then remaining unexpended in the hands of the Trustee (except moneys, securities, funds or Revenues deposited or pledged, or required by the terms of the Master Bond Ordinance to be deposited or pledged, with the Trustee), and thereupon the Authority and the Trustee shall be restored, respectively to their former positions and rights under the Master Bond Ordinance, and all Revenues shall thereafter be applied as provided in the provisions of the Master Bond Ordinance governing the establishment and use of Funds and Accounts. No such payment over to the Authority by the Trustee or resumption of the application of Revenues as so provided shall extend to or affect any subsequent default under the Master Bond Ordinance or impair any right consequent thereon.

No Waiver of Default

No delay or omission of the Trustee or of any Holder of the Bonds and Junior Lien Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or any acquiescence therein; and every power and remedy given by the Master Bond Ordinance to the Trustee and the Holders of the Bonds and Junior Lien Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

Notice of Event of Default

The Trustee shall promptly give to the holders of Bonds and Junior Lien Bonds notice (i) of each Event of Default of which it has actual notice under Section 902(h) of the Master Bond Ordinance, unless such Event of Default shall have been remedied or cured before the giving of such notice; provided that, except in the case of an Event of Default specified in clause (a), (b) or (d) of the definition thereof, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee of the board of directors, or a trust committee of directors or responsible officers of the Trustee in good faith determines that the withholding of such notice is in the best interests of the holders of Bonds and Junior Lien Bonds, and (ii) of any failure of the Authority to comply with its covenant under the Master Bond Ordinance to charge sufficient rates and charges of which the Trustee has actual notice as set forth in Section 902(h) of the Master Bond Ordinance. Each such notice required shall be given by the Trustee by mailing written notice thereof to all owners of Bonds and Junior Lien Bonds, at the registered addresses of such Holders shown upon the registration books of the Authority held by the Trustee.

Tax-Exempt Status; Non-Arbitrage Covenant

The Authority covenants not to take or to permit to be taken by its agents or assigns any action which, or fail to take any reasonable action the omission of which, would (i) impair the exemption of interest on the Bonds or Junior Lien Bonds from federal income taxation, or (ii) affect the validity of the Bonds or Junior Lien Bonds.

The Authority shall use the proceeds of all Series of Bonds and Junior Lien Bonds in a manner that will comply with the requirements of Section 103 of the Code. The Authority shall not make any use, and the Trustee is directed to make no use, of the proceeds of the Bonds and Junior Lien Bonds which could cause the Bonds or Junior Lien Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and applicable regulations thereunder. The Authority shall further comply with the requirements and regulations of such section throughout the term of the Bonds and the Junior Lien Bonds, including the rebate requirements of the Master Bond Ordinance.

Supplemental Ordinances

The Authority may, without the consent of the Bondholders, but with the consent of the Trustee and where required by a Credit Entity, the Credit Entity, adopt at any time or from time to time Series Ordinances or Supplemental Ordinances for any one or more of following purposes, and any Supplemental Ordinance shall become effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by the Authorized Officer:

(1) To provide for the issuance of a Series of Bonds or Junior Lien Bonds and to prescribe the terms and conditions pursuant to which such Bonds or Junior Lien Bonds may be issued, paid or redeemed;

(2) To add additional covenants and agreements of the Authority for the purpose of further securing the payment of the Bonds or Junior Lien Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Master Bond Ordinance;

(3) To prescribe further limitations and restrictions upon the issuance of Bonds or Junior Lien Bonds and the incurring of indebtedness by the Authority which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;

(4) To surrender any right, power or privilege reserved to or conferred upon the Authority by terms of the Master Bond Ordinance;

(5) To confirm as further assurance any security created under and subject to any lien or claim created or to be created by the provisions of the Master Bond Ordinance;

(6) To modify the provisions of the Master Bond Ordinance or any previously adopted Series Ordinance to permit compliance with changes in federal tax law which is required to maintain the tax exempt status of the Bonds or Junior Lien Bonds;

(7) With the consent of the Trustee in reliance upon an opinion of Bond Counsel, to cure any ambiguity or defect or inconsistent provision in the Master Bond Ordinance or to insert such provisions clarifying matters or questions arising under the Master Bond Ordinance as are necessary or desirable in the event any such modifications are not contrary to or inconsistent with the Master Bond Ordinance as theretofore in effect; or

(8) To comply with the Trust Indenture Act of 1939.

Notice of the adoption and delivery of any Supplemental Ordinance or resolution and a copy thereof shall be filed by the Trustee with the Rating Agency at the time of such adoption and delivery.

Supplemental Ordinances Requiring Consent of Bondholders

Exclusive of Supplemental Ordinances covered by Section 1002 of the Master Bond Ordinance, the Holders of at least fifty percent (50%) of the principal amount of outstanding Bonds and Junior Lien Bonds affected by the proposed Supplemental Ordinance and when required by the provider of a Credit Facility, the related Credit Entity, shall have the right to consent to and approve the adoption by the Authority of other Supplemental Ordinances; provided, however, that nothing in the Master Bond Ordinance shall permit (i) an extension of the maturity of the principal of or the interest on any Bond or Junior Lien Bond issued under the Master Bond Ordinance, (ii) a reduction in the principal amount of any Bond or Junior Lien Bond, (iii) modification of the privilege or priority of any Bond or Bonds over any other Bonds, except upon the written consent of the Holders of 100% of the principal amount of Bonds Outstanding or (iv) modification of the privilege or priority of any Junior Lien Bond or Junior Lien Bonds over any other Junior Lien Bonds. For the purposes of consents pursuant to Section 1003 of the Master Bond Ordinance a Credit Entity shall be deemed to be the Holder of Bonds or Junior Lien Bonds pledged by the Authority to the Credit Entity or owned by the Credit Entity or Bonds or Junior Lien Bonds secured by a Credit Facility except to the extent the Credit Entity has not honored a draw on its Credit Facility which draw complies with the requirements of the Credit Facility.

The Trustee shall give written notice of the proposed adoption of a Supplemental Ordinance by mail to the registered addresses of Holders of the Outstanding Bonds and Junior Lien Bonds and to the Credit Entity. Such notice shall briefly set forth the nature of the proposed Supplemental Ordinance and shall state that copies thereof are on file at the designated trust office of the Trustee for inspection by holders of Bonds and Junior Lien Bonds. If, within sixty (60) days or such longer period as shall be prescribed by the Trustee following the mailing of such notice, the Holders of not less than the required percent of the principal amount of the Bonds and Junior Lien Bonds Outstanding by instruments filed with the Trustee shall have consented to the adoption thereof and any other prerequisites such as the approval of any Credit Entity having such right, such Supplemental Ordinance may be adopted and the Master Bond Ordinance shall be deemed to be modified and amended in accordance therewith.

Anything in the Master Bond Ordinance to the contrary notwithstanding, a Supplemental Ordinance under Article X of the Master Bond Ordinance which affects the rights, duties and obligations of the Trustee shall not become effective unless and until the Trustee shall have consented in writing in the case of the Trustee, to the adoption of such Supplemental Ordinance and unless the Authority has first obtained the approval of the Michigan Department of Treasury if such approval is required.

If a Series of Bonds or Junior Lien Bonds will be unaffected by the terms of the Supplemental Ordinance, such Bonds or Junior Lien Bonds shall not be deemed to be Outstanding for purposes of any required consent.

A Series shall be deemed to be affected by a modification or amendment of the Master Bond Ordinance if the same adversely affects or diminishes the rights of the Holders of Bonds or Junior Lien Bonds of such Series. The Trustee may in its discretion determine whether or not in accordance with the foregoing provisions Bonds or Junior Lien Bonds of any particular Series or maturity would be affected by any modification or amendment of the Master Bond Ordinance and any such determination shall be binding and conclusive on the Authority and all Holders of Bonds or Junior Lien Bonds. The Trustee may receive an opinion of Bond Counsel as conclusive evidence as to whether Bonds or Junior Lien Bonds of any particular Series or maturity would be so affected by any such modification or amendment of the Master Bond Ordinance.

Notwithstanding anything in Section 1003 of the Master Bond Ordinance to the contrary, so long as any Bonds or Junior Lien Bonds are Outstanding as Variable Rate Bonds, the payment of principal of and interest upon which Variable Rate Bonds is secured by a Credit Facility, the Holders of such Variable Rate Bonds so secured shall not have any right to consent to any Supplemental Ordinance with respect to which the consent of Holders of such Variable Rate Bonds would otherwise have to be obtained, the automatic and irrevocable consent of such Holders of such Variable Rate Bonds to be conclusively presumed by virtue of such Holder's acceptance thereof; and the Trustee shall not be required to seek such Holders' consent as set forth in Section 1003 of the Master Bond Ordinance, provided that all such Holders shall be entitled to receive notice of the proposed Supplemental Ordinance from the Trustee or from the remarketing agent with respect to such Variable Rate Bonds and shall have the opportunity to tender such Variable Rate Bonds for repurchase prior to the effectiveness of any such Supplemental Ordinance. So long any Bonds or Junior Lien Bonds are Outstanding as Variable Rate Bonds, the payment of principal of and interest upon which Variable Rate Bonds is secured by a Credit Facility, the Credit Entity which issued such Credit Facility shall be deemed the Holder of such Variable Rate Bonds so secured and shall have the right to consent to any Supplemental Ordinance with respect to which the consent of Holders of such Variable Rate Bonds would otherwise have to be obtained; provided, however, that the right of such Credit Entity to provide such consent shall be suspended if such Credit Entity shall have wrongfully dishonored a payment obligation under such Credit Facility or if the Credit Facility is for any reason unavailable to the Trustee for the benefit of the Holders of such Variable Rate Bonds other than by expiration in accordance with its terms.

SERIES 2010 REFUNDING ORDINANCE

The Authority has adopted the Series 2010 Refunding Ordinance which together with the Sale Order authorizes the issuance and sale of the Series 2012C Refunding Bonds and the Series 2012D Refunding Bonds, and which amends and supplements the Master Bond Ordinance.

Selected Definitions

"*Authorized Denominations*" means denominations of $5,000 or any integral multiple thereof.

"Bonds" means any Bonds or Series of Bonds established and created by the Master Bond Ordinance and issued pursuant to a Series Ordinance.

"Debt Service Payments" means the payments required to be made by the Authority to amortize the Series 2012C Refunding Bonds and the Series 2012D Refunding Bonds, as provided for in the Series Ordinances, including the principal of, premium, if any, and interest on the Series 2012C Refunding Bonds and the Series 2012D Refunding Bonds when due (whether at stated maturity, upon redemption prior to stated maturity, or upon acceleration of stated maturity).

"Fixed Rate" means the rate or rates at which any series of the Series 2012C Refunding Bonds and the Series 2012D Refunding Bonds bears interest through the Stated Maturity Date, as established in accordance with Section 204 of the Series 2010 Refunding Ordinance.

"Operating Year" means the fiscal year of the Authority.

"Record Date" means the 15th day of the month preceding an Interest Payment Date.

"Registered Owner" or "Bondholder" or "owner" means the person or entity in whose name any Series 2012C Refunding Bond and Series 2012D Refunding Bond is registered.

"Sale Order" means, with respect to the Series 2012C Refunding Bonds and the Series 2012D Refunding Bonds, the written order of the Chief Executive Officer or Chief Financial Officer of the Authority approving the sale of the Series 2012C Refunding Bonds and the Series 2012D Refunding Bonds and making certain determinations regarding the final terms thereof within the parameters of the Series Ordinances and the Master Bond Ordinance.

"Stated Maturity Date" means, with respect to the Series 2012C Refunding Bonds and the Series 2012D Refunding Bonds, the Stated Maturity Date set forth in the Sale Order.

Application of Series 2012C Refunding Bond Proceeds and the Series 2012D Refunding Bond Proceeds

The net proceeds of the Series 2012C Refunding Bonds and the Series 2012D Refunding Bonds shall be applied as follows, as finally determined in the Sale Order:

(a) An amount equal to the accrued interest, if any, on the Series 2012C Refunding Bonds and the Series 2012D Refunding Bonds to the date of delivery thereof shall be deposited in the general account of the Bond Fund.

(b) An amount sufficient to pay the Issuance Costs of the Series 2012C Refunding Bonds and the Series 2012D Refunding Bonds (to the extent permitted by law) shall be deposited with the Trustee in the 2012 Costs of Issuance Account and used to pay Issuance Costs of the Series 2012C Refunding Bonds and the Series 2012D Refunding Bonds.

(c) An amount or other provision necessary to satisfy the Reserve Requirement shall be deposited in or credited to the Bond Reserve Account.

(d) The balance of the proceeds of the Series 2012C Refunding Bonds and the Series 2012D Refunding Bonds shall be deposited into one or more separate Escrow Funds to be held by the Trustee in accordance with Section 209 of the Series 2010 Refunding Ordinance and used, together with other available funds of the Authority, if any, to pay the principal of, interest on and redemption premium, if any, on the Refunded Bonds on the date or dates set forth in the Sale Order.

If more than one series of Series 2012C Refunding Bonds or the Series 2012D Refunding Bonds is issued, the costs of refunding the Refunded Bonds may be allocated among the series as provided in the Sale Order.

Series 2012 Accounts

The Trustee shall maintain the accounts established under Sections 501 and 502 of the Series 2010 Refunding Ordinance as follows:

(a) Moneys in the 2012 and Debt Service Accounts of the Bond Fund shall be deposited in accordance with Section 501B of the Master Bond Ordinance and shall be used for the payment when due of principal of, premium, if any, and interest on the Series 2012C Refunding Bonds and the Series 2012D Refunding Bonds.

(b) There shall be deposited in the 2012 Bond Reserve Accounts amounts necessary to satisfy the Reserve Requirement in accordance with the terms of the Sale Order.

Tax Covenant

The Authority covenants and represents that, to the extent permitted by law, it shall take all actions, or refrain from taking actions, within its control necessary to maintain the exclusion of the interest on the Series 2012C Refunding Bonds and the Series 2012D Refunding Bonds from gross income for general federal income tax purposes under the Internal Revenue Code of 1986, as amended, including but not limited to actions relating to the rebate of arbitrage earnings, if applicable, and the expenditure and investment of Series 2012C Refunding Bond proceeds and Series 2012D Refunding Bond proceeds and moneys deemed to be Series 2012C Refunding Bond proceeds and Series 2012D Refunding Bond proceeds.

SERIES 2012 ORDINANCE

The Authority has adopted the Series 2012 Ordinance which together with the Sale Order authorizes the issuance and sale of the Series 2012 Bonds, and which amends and supplements the Master Bond Ordinance.

Selected Definitions

"Authorized Denominations" means the denominations provided for the applicable Rate Period.

"Debt Service Payments" means the payments required to be made by the Authority to amortize the Series 2012 Bonds, as provided for the Series 2012 Ordinance, including the payments of principal of, premium, if any, and interest on the Series 2012 Bonds when due (whether at stated maturity or upon redemption prior to stated maturity).

"Fixed Rate" means the fixed rate or fixed rates at which the Series 2012 Bonds bear interest through the Stated Maturity Date, as established in the Series 2012 Ordinance accordance with Section 204 hereof.

"Interest Payment Date" means, except as otherwise provided in the Sale Order for a Series of the Series 2012 Bonds, with respect to a Series of the Series 2012 Bonds:

(i) during the Weekly Rate Period, the first Business Day of the first calendar month after the issuance of a Series of the Series 2012 Bonds or after the effective date of a change to the Weekly Rate Period, as applicable, and the first Business Day of each month thereafter;

(ii) during the Daily Rate Period, the first Business Day of the first calendar month after the issuance of a Series of the Series 2012 Bonds or after the effective date of a change to the Daily Rate Period, as applicable, and the first Business Day of each month thereafter;

(iii) during the Term Rate Period, the June 1 or December 1 next succeeding the issuance of a Series of the Series 2012 Bonds or a change to the Term Rate Period, as applicable, and each June 1 and December 1 thereafter; provided, however, that if the June 1 or December 1 next succeeding the date of issuance of a Series of the Series 2012 Bonds or a change to the Term Rate Period, as applicable, occurs less than twenty-one (21) days after the date of issuance of a series of the Series 2012 Bonds or change to the Term Rate Period, as applicable, the first Interest Payment Date shall be the second such date following the date of issuance of a Series of the Series 2012 Bonds or a change to the Term Rate Period, as applicable, and, provided, further that if any such date is not a Business Day, the Interest Payment Date shall be the next succeeding day which is a Business Day with the same effect as if such interest payment was made on the original Interest Payment Date;

(iv) the Conversion Date;

(v) if a Series of 2012 Series Bonds is issued at the Fixed Rate, the June 1 or December 1 next succeeding the issuance of such Series, and each June 1 and December 1 thereafter, provided, however, that if the June 1 or December 1 next succeeding the date of issuance of such Series occurs less than twenty-one (21) days after the date of issuance of such Series, the first Interest Payment Date shall be the second such date following the date of issuance of such Series, and, provided, further that if any such date is not a Business Day, the Interest Payment Date shall be the next succeeding day which is a Business Day with the same effect as if such interest payment was made on the original Interest Payment Date; and

(vi) if a Series of 2012 Series Bonds is converted to the Fixed Rate, the June 1 or December 1 next succeeding the Fixed Rate Conversion Date, and each June 1 and December 1 thereafter, provided, however, that if the June 1 or December 1 next succeeding the Fixed Rate Conversion Date occurs less than twenty-one (21) days after the Fixed Rate Conversion Date, the first Interest Payment Date shall be the second such date following the Fixed Rate Conversion Date, and, provided, further that if any such date is not a Business Day, the Interest Payment Date shall be the next succeeding day which is a Business Day with the same effect as if such interest payment was made on the original Interest Payment Date;

(vii) if a Series of Series 2012 Refunding Bonds is issued bearing at an Index Rate, the first Business Day of the first calendar month after the issuance of such Series or after the effective date of a change to the Index Rate Period, and the first Business Day of each month thereafter; and

(viii) the Stated Maturity Date.

"Rate Period" means any of the Weekly Rate Period, the Index Rate Period, the Daily Rate Period, the Term Rate Period or the Fixed Rate Period.

"Record Date" means (i) during the Weekly Rate Period, any Weekly Period Record Date, (ii) during the Daily Rate Period, any Daily Rate Record Date, (iii) during the Term Rate Period, any Term Rate Record Date, (iv) during the Index Rate Period, the 15th day of the month preceding an Interest Payment Date, and (v) during the Fixed Rate Period, the 15th day of the month preceding an Interest Payment Date.

"Registered Owner" or "Bondholder" or "owner" means the person or entity in whose name any Series 2012 Bond is registered.

"Series 2012 Bonds" means the Airport Revenue Bonds (Detroit Metropolitan Wayne County Airport), Series 2012, in one or more Series, authorized by Article II of this Series 2012 Ordinance.

"Sale Order" means, with respect to a Series of the Series 2012 Bonds, the written order of an Authorized Officer of the Authority approving the sale of such Series of the Series 2012 Bonds and making certain determinations regarding the final terms thereof within the parameters of the Series 2012 Ordinances and the Master Bond Ordinance.

"Stated Maturity Date" means, with respect to any Series of the Series 2012 Bonds, the Stated Maturity Date set forth in the Sale Order .

Application of Series 2012 Bond Proceeds

The net proceeds of each Series of the Series 2012 Bonds shall be applied as follows, as finally determined in the Sale Order:

(a) An amount equal to the accrued interest, if any, on such Series 2012 Bonds to the date of delivery thereof shall be deposited in the Airport Debt Service Account of the Bond Fund (the "Debt Service Account").

(b) An amount equal to the amount of interest estimated to be capitalized on such Series 2012 Bonds, after giving effect to the estimated schedule on which various components of the related Series 2012 Projects will become available for use at the Airport and net of anticipated investment earnings on the amount of proceeds deposited in the Series 2012 Capitalized Interest Account for such Series established in the Capitalized Interest Account, shall be deposited in such subaccount.

(c) An amount or other provision necessary to satisfy the Series 2012 Reserve Requirement for such Series shall be deposited in or credited to the Series 2012 Bond Reserve Subaccount for such Series.

(d) The balance of the proceeds of such Series 2012 Bonds shall be deposited into one or more separate accounts within the Series 2012 Airport Capital Improvement Program Construction Account (the "Series 2012 Construction Account") which is hereby established in the Airport Capital Improvement Program Construction Fund (the "Construction Fund") that was created pursuant to Section 401 of the Master Ordinance.

If more than one series of Series 2012 Bonds is issued, the costs of the Series 2012 Projects may be allocated among the series as provided in the related Sale Order.

Series 2012 Accounts

The Trustee shall maintain the accounts established under Sections 501 and 502 of the Series 2012 Ordinance as follows:

(a) Moneys in the 2012 Debt Service Account of the Bond Fund shall be deposited in accordance with Section 501B of the Master Bond Ordinance and shall be used for the payment when due of principal of, premium, if any, and interest on the related series of the Series 2012 Bonds.

(b) There shall be deposited in the 2012 Bond Reserve Accounts amounts necessary to satisfy the Reserve Requirement in accordance with the terms of the Sale Order.

Tax Covenant

The Authority covenants and represents that, to the extent permitted by law, it shall take all actions, or refrain from taking actions, within its control necessary to maintain the exclusion of the interest on the Series 2012 Bonds from gross income for general federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), including but not limited to actions relating to the rebate of arbitrage earnings, if applicable, and the expenditure and investment of Series 2012 Bond proceeds and moneys deemed to be Series 2012 Bond proceeds.

APPENDIX D

SUMMARY OF THE AIRLINE AGREEMENTS

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SUMMARY OF THE AIRLINE AGREEMENTS

Signatory Airlines

Each of the following airlines (the "Signatory Airlines") currently is a party to an Airport Use and Lease Agreement with the Authority (each an "Airline Agreement," and collectively, the "Airline Agreements"), which are substantially similar agreements relating to the use of the Airport, the lease of terminal facilities and the establishment and payment of terminal rentals, Activity Fees and other airline fees and charges: Air France, AirTran Airways, American Airlines, Continental Airlines ("Continental"), Delta Air Lines ("Delta"), Federal Express ("FedEx"), KLM Royal Dutch Airlines ("KLM"), Lufthansa German Airlines, Mesaba Aviation ("Mesaba"), Pinnacle Airlines ("Pinnacle"), Southwest Airlines, Spirit Airlines, United Airlines ("United"), United Parcel Service ("UPS") and US Airways. KLM is not currently operating at the Airport; also, as a result of the United-Continental merger, Continental no longer operates; and as a result of the Pinnacle acquisition of Mesaba, Mesaba no longer operates.

Airline Agreements

Term. The Airline Agreements have a scheduled expiration date of September 30, 2032. The Airline Agreements may be terminated, suspended or abated under certain conditions.

Leases. Delta, Air France, and Delta Connection Carriers, which currently include Pinnacle, Comair, Compass and other contract regional carriers, all operate at the South Terminal. All of the other Signatory Airlines (except FedEx and UPS) and all other passenger airlines serving the Airport, including all charter carriers, operate at the North Terminal. The Airline Agreements provide to the passenger Signatory Airlines leases on a preferential use basis of domestic gate holdrooms, ticket counters and other airline operational space in the South Terminal and the North Terminal.

Delta preferentially leases all of the airline space in the South Terminal, with the exception that the airline space in the international portion of the South Terminal, as well as space in the domestic bag claim area, is available to all of the airlines using the terminal on a shared use basis. In addition to using the shared use premises in the terminal, Air France. Pinnacle and the other Delta Connection Carriers also operate on some of Delta's preferential use space. The Authority has the right to require Delta to make a portion of its preferentially leased premises available to other air carriers, subject to certain rules and priorities.

Each of the Signatory Airlines operating in the North Terminal leases one or more gate holdrooms and related ticket counters and other airline operational space on a preferential use basis. The North Terminal also has five common use gates under the control of the Authority, with related common use ticket counter space. The common use gates in the North Terminal include the international gates in the facility. The domestic and international bag claim areas in the terminal are available on a shared use basis. The Authority has the right to require each Signatory Airline leasing space in the North Terminal to make a portion of its preferentially leased premises available to other air carriers, subject to certain rules and priorities. In addition, the Authority has the right, under certain circumstances when a Signatory Airline operating in the North Terminal does not meet a specified utilization requirement for its preferential use gates, to recapture one or more gates from such Signatory Airline.

Terminal Rentals. Under the terminal rental rate-making methodology contained in the Airline Agreements, there are two terminal cost centers—the South Terminal Cost Center (includes the McNamara Terminal) and the North Terminal Cost Center. To establish the terminal rental rates to be paid by the Signatory Airlines for each Operating Year, the Authority allocates between the two terminal cost centers all annual terminal-related operation and maintenance expenses ("O&M Expenses") and all annual Debt Service on Bonds issued post-1997 to finance the South Terminal and the North Terminal (excluding apron and airfield costs), net of Debt Service to be paid by passenger facility charges ("PFCs"). The O&M Expenses for each terminal cost center include all direct terminal costs and relate to all space (airline, public, concession, etc.) in the facilities.

The annual rental rate for each terminal is calculated on the basis of dividing the costs allocated to the applicable terminal cost center, net of international facility use fees collected at that terminal and revenue collected for the use of the common use gates and ticket counters and other airline and other space controlled by the

Authority, by the total square footage of space in the respective terminal leased to the Signatory Airlines operating in that terminal.

The Authority collects shared use fees per deplaned passenger for the use of the shared use premises in the South Terminal. The Authority collects shared use fees per enplaned passenger for the use of the shared use premises in the North Terminal.

International Facility Use Fees. Under the Airline Agreements, the Authority currently charges the Signatory Airlines a $5 international facility use fee per deplaned international passenger at both the South Terminal and the North Terminal.

Activity Fees. Under the Airline Agreements, the Signatory Airlines also are obligated to pay activity fees which are calculated on an Airport residual basis (the "Activity Fees"). Essentially, the Activity Fee calculation for each Operating Year is based on all airport revenue bond Debt Service (net of Debt Service paid by PFCs and federal grant funds) and all O&M Expenses for such Operating Year, minus all non-airline revenue for such Operating Year, all airline rental payments for such Operating Year, all international facility use fees for such Operating Year and all payments for use of the Authority-controlled airline space, if any, in each terminal for such Operating Year.

More specifically, each Operating Year each Signatory Airline must pay through Activity Fees its pro rata share for such Operating Year (based on landed weight of aircraft) of the Revenue Requirement, which is the difference between (i) the sum of: (a) direct and indirect operation, maintenance and administration expenses of the Airport for such Operating Year, (b) 125% of the amount of principal and interest due on outstanding airport revenue bonds for such Operating Year, net of PFCS and federal grant funds used in such Operating Year to pay revenue bond Debt Service, (c) required deposits into the Bond Reserve Account, the Operation and Maintenance Reserve Fund and the Renewal and Replacement Fund for such Operating Year, (d) $350,000 for deposit into the Authority Discretionary Fund to be used at the Authority's discretion for airport system purposes, and (e) $5 million (subject to escalation each year, commencing in Operating Year 2002, based on the Producer Price Index), to be deposited in the Authority's Airport Development Fund to be used by the Authority in its discretion for any lawful Airport-system related capital expenditures, and (ii) all Airport revenues for such Operating Year (including Activity Fees paid by non-Signatory Airlines, all terminal rentals, shared use fees and common use fees (including rentals and shared use fees paid by the Signatory Airlines), all international facilities use fees payable with respect to the use of the federal inspection service ("FIS") facilities at the Airport, all concession and parking revenue and all other nonairline revenues); provided that for each Operating Year, item (b) above shall be reduced by amounts on deposit in the Revenue Fund on the last day of the Operating Year preceding such Operating Year.

Payment of Fees and Charges. The Airline Agreements include procedures for charging and payment of airline fees and charges that require the Authority to provide the Signatory Airlines with a projection of rentals and the Activity Fee rate for each Operating Year at least sixty (60) days prior to the beginning of the Operating Year. The Authority also has agreed to revise the projection mid-year, based on actual data available for the Operating Year. Within sixty (60) days after the end of each Operating Year, the Authority is to provide the Signatory Airlines with a preliminary report of rentals and Activity Fees actually chargeable for the prior year. Eighty percent (80%) of any additional amounts owed by the Signatory Airlines to the Authority or any refunds the Authority may owe the Signatory Airlines as a result of an overpayment is to be paid within ninety (90) days after the end of such Operating Year. The Authority has agreed to provide the Signatory Airlines with its annual audit for each Operating Year within 180 days after the end of the year, and the balance of any amounts owed by the Signatory Airlines, or to be refunded by the Authority, is due within thirty (30) days thereafter.

Recent Amendment to End of Year True-Up of Fees and Charges. In order to enable the Authority to issue airport revenue bonds for airfield-related capital projects without the bonds being subject to the federal alternative minimum tax, all of the Signatory Airlines recently agreed to an amendment of the Airline Agreements that revises the end of year true-up provision so that the amount to be refunded to the Signatory Airlines will be calculated by taking into account the total amount of overpayment of Activity Fees by all Signatory Airlines and the total amount of Activity Fee overpayments by all non-Signatory Airlines. All airlines, Signatory and non-Signatory, will participate in end of year refunds, not just the Signatory Airlines.

The total amount to be refunded to the Signatory Airlines and the total amount to be refunded to the non-Signatory Airlines, in respect of Activity Fee overpayments, will be based on a pro-rata allocation between the Signatory Airlines and the non-Signatory Airlines, which will reflect the same ratio as the ratio of total Activity Fees paid by the Signatory Airlines and total Activity Fees paid by the non-Signatory Airlines, respectively. The refund to the non-Signatory Airlines may be accomplished directly, or through a reduction in the non-Signatory Airlines' Activity Fees for the following Operating Year. The same provision will apply in the event of underpayments, and the Authority will charge the shortfall to non-Signatory Airlines as well as Signatory Airlines.

Certain Authority Covenants. The Airline Agreements obligate the Authority (i) to comply with the revenue retention requirements of the Airport and Airway Improvement Act of 1982, (ii) to use competitive bidding procedures for the award of all maintenance and operation and construction contracts for the Airport, (iii) to ensure that all senior appointed Airport officials shall have professional qualifications commensurate with their responsibilities, and (iv) to operate Willow Run Airport only as a reliever Airport for the Airport with no scheduled air carrier or public charter passenger service. The recent amendment to the Airline Agreements described above also added a new contractual covenant by the Authority to charge non-Signatory Airlines a reasonable surcharge on the Signatory Airline Activity Fee rate, subject to applicable law and to the Authority Board's "Signatory Airline Policy," which sets forth certain circumstances under which an airline is entitled to pay the basic Signatory Airline Activity Fee rate, without incurring a surcharge, even if the airline does not satisfy the minimum criteria for becoming a Signatory Airline.

Weighted Majority Approval. The Airline Agreements provide that a Weighted Majority of the Signatory Airlines can approve additional capital projects for which airport revenue bonds may be issued to pay the costs. A Weighted Majority is defined as either Signatory Airlines which, in the aggregate, landed eighty-five percent (85%) or more of the landed weight of all Signatory Airlines for the preceding 12-month period for which records are available or all but one of the Signatory Airlines regardless of landed weight.

Passenger Facility Charges. The Authority is obligated under the Use and Lease Agreements to use PFCs to pay Debt Service on airport revenue bonds issued to pay the costs of certain PFC-eligible projects at the Airport. These projects include the construction of both the South Terminal and the North Terminal. The Use Airline Agreements also set forth a required priority for the application of PFCs to pay Debt Service in the event there is insufficient PFC revenue available in any Operating Year to pay all PFC-eligible debt service.

Operation and Maintenance of South Terminal. Delta serves as the Authority's agent for the performance of certain operation and maintenance functions for the South Terminal. In this capacity, Delta has agreed to operate and maintain all of its leased space in the South Terminal, all common use and public use space in the terminal and all building-wide services (*e.g.*, heating, lighting, and electrical) and to maintain and repair the interior and exterior floors, walls, ceilings and the roof. The Authority maintains responsibility for overseeing the gate allocation and utilization of the shared use space, including the FIS facilities in accordance with an agreed upon protocol, the selection of concessionaires and for police and building security functions in the South Terminal.

Operation and Maintenance of North Terminal. Pursuant to an agreement with a consortium of the Signatory Airlines operating in the North Terminal known as the Detroit Airlines North Terminal Consortium Airport ("DANTeC"), DANTeC is responsible for performing certain operation and maintenance activities in the North Terminal, including janitorial services for all non-public areas of the terminal, operation and maintenance of certain systems (baggage handling system, common use passenger processing system, multi-user flight information display system, building management system, paging system) and operation and maintenance of certain airline equipment (passenger boarding bridges, preconditioned air units, ground power units, moving walkways, elevators, escalators, automatic doors, triturator, GSE fuel load rack, potable water cabinets, hydrant fueling carts/trucks). In addition, DANTeC also performs certain ramp services and common use gate scheduling and gate control. The Authority is responsible for performing all other operation and maintenance activities with respect to the North Terminal.

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BOOK-ENTRY SYSTEM

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Series 2012 Bonds; payment of interest and other payments on the Series 2012 Bonds to Participants, as defined below, or Beneficial Owners; confirmation and transfer of beneficial ownership interests in the Series 2012 Bonds; and other bond-related transactions by and between DTC, Participants and Beneficial Owners, is based solely on information furnished by DTC for use in this Official Statement, and the Authority does not take any responsibility for the accuracy or completeness.

The Series 2012 Bonds initially will be issued solely in book-entry form to be held in the book-entry only system maintained by The Depository Trust Company ("DTC"), New York, New York. So long as such book-entry system is used, only DTC will receive or have the right to receive physical delivery of Series 2012 Bonds and Beneficial Owners will not be or be considered to be, and will not have any rights as, owners or Owners of the Series 2012 Bonds under the Series 2012 Ordinance.

The information in this Appendix E concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

DTC will act as securities depository for the Series 2012 Bonds. The Series 2012 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 Bond certificate will be issued for each maturity of the Series 2012 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of Series 2012 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2012 Bonds on DTC's records. The ownership interest of each actual purchaser of each 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 2012 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2012 Bonds, except in the event that use of the book-entry system for the Series 2012 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2012 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2012 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 2012 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2012 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2012 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2012 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Series 2012 Bonds may wish to ascertain that the nominee holding the Series 2012 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2012 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 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 Series 2012 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the Series 2012 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 Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2012 Bonds at any time by giving reasonable notice to the Authority and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates 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, Bond certificates will be printed and delivered to DTC.

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

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE SERIES 2012 BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS OF THE SERIES 2012 BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

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APPENDIX E

BOOK ENTRY SYSTEM

APPENDIX F

FORM OF CONTINUING DISCLOSURE UNDERTAKING

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FORM OF CONTINUING DISCLOSURE UNDERTAKING

$278,065,000
WAYNE COUNTY AIRPORT AUTHORITY
Airport Revenue Bonds
(Detroit Metropolitan Wayne County Airport)
Series 2012A-D

This Continuing Disclosure Undertaking (the "Undertaking") is executed and delivered by the Wayne County Airport Authority (the "Authority") in connection with the issuance of its Airport Revenue Bonds (Detroit Metropolitan Wayne County Airport), Series 2012A-D in the aggregate principal amount of $278,065,000 (the "Bonds"). The Authority covenants and agrees as follows:

SECTION 1. Purpose of the Undertaking. This Undertaking is being executed and delivered by the Authority for the benefit of the Bondholders and the Beneficial Owners (hereinafter defined) and in order to assist the Participating Underwriters (hereinafter defined) in complying with subsection (b)(5) of the Rule (hereinafter defined).

SECTION 2. Definitions. In addition to the definitions set forth in the Ordinance, which apply to any capitalized term used in this Undertaking unless otherwise defined herein, the following capitalized terms shall have the following meanings.

"Airport" shall mean the Detroit Metropolitan Wayne County Airport.

"Annual Report" shall mean any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Undertaking.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including any person holding Bonds through nominees, depositories or other intermediaries).

"EMMA" shall mean the MSRB's Electronic Municipal Market Access System, or such other system, Internet Web site, or repository hereafter prescribed by the MSRB for the submission of electronic filings pursuant to the Rule.

"GAAP" shall mean generally accepted accounting principles, as such principles are prescribed, in part, by the Financial Accounting Standards Board and modified by the Governmental Accounting Standards Board and in effect from time to time.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Undertaking.

"MSRB" shall mean the Municipal Securities Rulemaking Board. As of the date of this Undertaking, the address and telephone numbers of the MSRB are as follows:

CDINet
1900 Duke Street, Suite 600
Alexandria, Virginia 22314
Tel: (703) 797-6600
Fax: (703) 683-1930

"1934 Act" shall mean the Securities Exchange Act of 1934, as amended.

"Obligated Person" shall mean the Authority and each airline or other entity at any time using the Airport (i) that is obligated under an Airport Use and Lease Agreement or Amended and Restated Airport Agreement, lease or other agreement having a term of more than one (1) year to pay a portion of the debt service on the Bonds, and

(ii) that has provided at least twenty percent (20%) of the Revenues of the Airport for each of the two (2) fiscal years of the Airport immediately preceding the due date of any Annual Report.

"Official Statement" shall mean the final Official Statement for the Bonds dated August 24, 2012.

"Ordinance" means, collectively, this Series 2012 Ordinance and the Master Bond Ordinance as such terms are defined in the Official Statement.

"Participating Underwriters" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the primary offering of the Bonds.

"Rule" shall mean Rule 15c2-12 promulgated by the SEC pursuant to the 1934 Act, as the same may be amended from time to time, together with all interpretive guidances or other official interpretations or explanations thereof that are promulgated by the SEC.

"SEC" shall mean the Securities and Exchange Commission.

"SEC Reports" means reports and other information required to be filed pursuant to Sections 13(a), 14 or 15(d) of the 1934 Act.

"Securities Counsel" shall mean legal counsel expert in federal securities law, and may include, but is not limited to Bond Counsel or Disclosure Counsel with respect to the Bonds.

"State" shall mean the State of Michigan.

SECTION 3. Provision of Annual Reports.

(a) Each year, the Authority shall use its best efforts to provide within six (6) months, but in any event, not later than nine (9) months after the first day of the Authority's fiscal year, commencing with the Authority's Annual Report for its fiscal year ended September 30, 2012, to the MSRB through EMMA an Annual Report for the preceding fiscal year which is consistent with the requirements of Section 4 of this Undertaking. The Authority's current fiscal year commenced on October 1, 2011, and will end September 30, 2012. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by specific reference other information as provided in Section 4 of this Undertaking; provided, however, that if the audited financial statements of the Authority are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and unaudited financial statements in a format similar to the audited financial statements then most recently prepared for the Authority shall be included in the Annual Report.

(b) If the Authority is unable to provide to the MSRB, through EMMA, in an electronic format as prescribed by the MSRB, an Annual Report by the date required in subsection (a), the Authority shall send a notice, in a timely manner, to the MSRB, through EMMA, in substantially the form attached as Exhibit A.

(c) If the Authority's fiscal year changes, the Authority shall send written notice of such change to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, in substantially the form attached as Exhibit B.

(d) Whenever any Annual Report or portion thereof is filed as described above, it shall be attached to a cover sheet in substantially the form attached as Exhibit C, or such other form as may be prescribed by the SEC from time to time.

SECTION 4. Content of Annual Reports. The Authority's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Authority for its fiscal year immediately preceding the due date of the Annual Report.

(b) An update of the financial information and operating data relating to the Authority of substantially the same nature as that contained in the Authority's Comprehensive Annual Report for the year ended September 30, 2011 (the "CAFR"), included in the Official Statement as Appendix B, under the section in the CAFR entitled "Continuing Disclosure" and otherwise in the Official Statement as follows: (i) in the tables under the heading "REPORT OF THE AIRPORT CONSULTANT," and (ii) in the following tables in APPENDIX A – REPORT OF THE AIRPORT CONSULTANT: Table 5-7 – Top 20 Domestic O&D Markets. If any information described in this paragraph (b) is published or provided by a third party and is no longer publicly available, the Authority shall include a statement to that effect as part of its Annual Report for the year in which such lack of availability arises.

The Authority's financial statements shall be audited and prepared in accordance with GAAP; provided, however, that the Authority may from time to time, in accordance with GAAP and subject to applicable federal or State legal requirements, modify the basis upon which its financial statements are prepared. Notice of any such modification shall be provided to the MSRB, through EMMA, in an electronic format as prescribed by the MSRB.

Any or all of the items listed above may be included by specific reference to other documents that previously have been provided to the MSRB, through EMMA. The Authority shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The Authority covenants to provide or cause to be provided to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events listed in (b)(5)(i)(C) of the Rule with respect to the Bonds:

(1) principal and interest payment delinquencies;
(2) non-payment related defaults, if material;
(3) unscheduled draws on debt service reserves reflecting financial difficulties;
(4) unscheduled draws on credit enhancements reflecting financial difficulties;
(5) substitution of credit or liquidity providers, or their failure to perform;
(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed 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 holders of the Bonds, if material;
(8) bond calls, if material, and tender offers;
(9) defeasances;
(10) release, substitution, or sale of property securing repayment of the Bonds, if material;
(11) rating changes;
(12) bankruptcy, insolvency, receivership or similar event of the Authority, which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Authority 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 Authority, 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 Authority;
(13) the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, 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; or

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The Authority covenants that its determination of materiality will be made in conformance with federal securities laws.

(c) If the Authority determines that the occurrence of a Listed Event would be material under applicable federal securities laws, the Authority shall promptly cause a notice of such occurrence to be filed with the MSRB, through EMMA, in an electronic format as prescribed by the MSRB, together with a cover sheet in substantially the form attached as Exhibit C. In connection with providing a notice of the occurrence of a Listed Event described in subsection (a)(9), the Authority shall include in the notice explicit disclosure as to whether the Bonds have been escrowed to maturity or escrowed to call, as well as appropriate disclosure of the timing of maturity or call.

(d) The Authority acknowledges that the "rating changes" referred to above in Section (5)(a)(11) of this Undertaking may include, without limitation, any change in any rating on the Bonds or other indebtedness for which the Authority is liable.

(e) The Authority acknowledges that it is not required to provide a notice of a Listed Event with respect to credit enhancement when the credit enhancement is added after the primary offering of the Bonds, the Authority does not apply for or participate in obtaining such credit enhancement, and such credit enhancement is not described in the Official Statement.

SECTION 6. Termination of Reporting Obligation.

(a) The Authority's obligations under this Undertaking shall terminate upon the legal defeasance of the Ordinance or the prior redemption or payment in full of all of the Bonds. If the Authority's obligation to pay the principal of and interest on the Bonds is assumed in full by some other entity, such entity shall be responsible for compliance with this Undertaking in the same manner as if it were the Authority, and the Authority shall have no further responsibility hereunder.

(b) This Undertaking, or any provision hereof, shall be null and void in the event that the Authority (i) receives an opinion of Securities Counsel, addressed to the Authority, to the effect that those portions of the Rule, which require such provisions of this Undertaking, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, amended or modified, or are otherwise deemed to be inapplicable to the Bonds, as shall be specified in such opinion, and (ii) delivers notice to such effect to the MSRB, through EMMA, in an electronic format as prescribed by the MSRB.

SECTION 7. Amendment; Waiver.

(a) Notwithstanding any other provision of this Undertaking, this Undertaking may be amended, and any provision of this Undertaking may be waived, provided that the following conditions are satisfied:

(1) if the amendment or waiver relates to the provisions of Section 3(a), (b), (c), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the Authority or type of business conducted by the Authority;

(2) this Undertaking, as so amended or taking into account such waiver, would, in the opinion of Securities Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(3) the amendment or waiver either (A) is approved by the Bondholders in the same manner as provided in the Ordinance for amendments to the Ordinance with the consent of the Bondholders, or (B) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders.

(b) In the event of any amendment to, or waiver of a provision of, this Undertaking, the Authority shall describe such amendment or waiver in the next Annual Report and shall include an explanation of the reason for such amendment or waiver. In particular, if the amendment results in a change to the annual financial information required to be included in the Annual Report pursuant to Section 4 of this Undertaking, the first Annual Report that contains the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of operating data or financial information being provided. Further, if the annual financial information required to be provided in the Annual Report can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first Annual Report that does not include such information.

(c) If the amendment results in a change to the accounting principles to be followed in preparing financial statements as set forth in Section 4 of this Undertaking, the Annual Report for the year in which the change is made shall include a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of such differences and the impact of the changes o the presentation of the financial information. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in accounting principles shall be sent by the Authority to the MSRB, through EMMA, in an electronic format as prescribed by the MSRB.

SECTION 8. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Undertaking. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Undertaking, the Authority shall have no obligation under this Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 9. Failure to Comply. In the event of a failure of the Authority to comply with any provision of this Undertaking, any Bondholder or Beneficial Owner may bring an action to obtain specific performance of the obligations of the Authority under this Undertaking, but no person or entity shall be entitled to recover monetary damages hereunder under any circumstances, and any failure to comply with the obligations under this Undertaking shall not constitute a default with respect to the Bonds or under the Ordinance.

SECTION 10. Beneficiaries. This Undertaking shall inure solely to the benefit of the Authority, the Participating Underwriters, the Bondholders and the Beneficial Owners, and shall create no rights in any other person or entity.

SECTION 11. Transmission of Information and Notices; Dissemination Agent. Unless otherwise required by law or this Undertaking, and, in the sole determination of the Authority, subject to technical and economic feasibility, the Authority shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of such information and notices. Any filing with the MSRB under this Undertaking may be made by transmitting such filing to a dissemination agent.

SECTION 12. Other Obligated Persons. Currently, Delta Air Lines ("Delta") is the only Obligated Person other than the Authority, and Northwest's parent corporation is required by the 1934 Act to file annual financial information in the form of its SEC Reports with the SEC as described in the Official Statement. The Authority assumes no responsibility for the accuracy or completeness of the SEC Reports or other annual financial information disseminated by Delta or any future Obligated Person. The Authority shall report as part of its Annual Report any change in Obligated Persons and that an Obligated Person's SEC Reports constitute its annual financial information under this Undertaking. Unless no longer required by the Rule, the Authority shall use its best efforts to cause each Obligated Person other than the Authority (to the extent that such party is not required to file SEC

Reports) to disseminate annual financial information substantially equivalent to that contained in SEC Reports to the MSRB, through EMMA, in an electronic format as prescribed by the MSRB, not later than nine months after the last day of the Obligated Person's fiscal year. The Authority has no obligation to file or disseminate any SEC Reports relating to another Obligated Person.

WAYNE COUNTY AIRPORT AUTHORITY

By: ______________________________

Name:

Its:

Dated: September 6, 2012

EXHIBIT A TO CONTINUING DISCLOSURE UNDERTAKING

NOTICE TO THE MSRB
OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Person: Wayne County Airport Authority

Name of Bond Issue: Airport Revenue Bonds (Detroit Metropolitan Wayne County Airport), Series 2012A-D

Date of Bonds: September 6, 2012

NOTICE IS HEREBY GIVEN that the Authority has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of its Undertaking with respect to the Bonds. The Authority anticipates that the Annual Report will be filed by ________________________.

WAYNE COUNTY AIRPORT AUTHORITY

By: ________________________________

Its: ___________________________

Dated: ______________

EXHIBIT B TO CONTINUING DISCLOSURE UNDERTAKING

NOTICE TO THE MSRB
OF CHANGE IN AUTHORITY'S FISCAL YEAR

Name of Obligated Person: Wayne County Airport Authority

Name of Bond Issue: Airport Revenue Bonds (Detroit Metropolitan Wayne County Airport), Series 2012A-D

Date of Bonds: September 6, 2012

NOTICE IS HEREBY GIVEN that the fiscal year of the __________________ changed. Previously, the Authority's fiscal year ended on _________________________. It now ends on ____________________.

WAYNE COUNTY AIRPORT AUTHORITY

By: ____________________________________

Its: ____________________________

Dated: ____________________

EXHIBIT C TO CONTINUING DISCLOSURE UNDERTAKING

MUNICIPAL SECONDARY MARKET DISCLOSURE
INFORMATION COVER SHEET

This cover sheet should be sent with all submissions made to the Municipal Securities Rulemaking Board, pursuant to Securities and Exchange Commission Rule 15c2-12 or any analogous state statute.

***

Authority's and/or Other Obligated Person's name: Wayne County Airport Authority

CUSIP Numbers (attach additional sheet if necessary):
Nine-Digit CUSIP Number(s) to which the information relates:

Information relates to all securities issued by the Authority having the following six-digit number(s):

***

Number of pages of attached information: ____________________

Description of Material Events Notice/Financial Information (Check One):

1. _____ Principal and interest payment delinquencies
2. _____ Material non-payment related defaults
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. _____ Material modifications to rights of securities holders
8. _____ Bond calls, if material, or tender offers
9. _____ Defeasances
10. _____ Material release, substitution, or sale of property securing repayment of the bonds
11. _____ Rating changes
12. _____ Bankruptcy, insolvency, receivership or similar event of the Authority
13. _____ The consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, 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 material change of name of a trustee
15. _____ Failure to provide annual financial information as required
16. _____ Other material event notice (specify) ____________________
17.* _____ Financial Information: Please check all appropriate boxes:
    CAFR (a) includes does not include Annual Financial Information
    (b) Audited? Yes No
    Annual Financial Information: Audited? Yes No
    Operating Data
    Fiscal Period Covered: ____________________

*Financial information **should not** be filed with the MSRB.

I hereby represent that I am authorized by the Authority or its agent to distribute this information publicly:

Signature: ______________________________
Name: ______________________________ Title: ______________
Employer: ______________________________
Address: ______________________________
City, State, Zip Code: ______________________________
Voice Telephone Number: (_______) ______________

APPENDIX G

FORMS OF BOND COUNSEL OPINIONS

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Founded in 1852
by Sidney Davy Miller

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POLAND: Gdynia
Warsaw • Wrocław

FORM OF BOND COUNSEL OPINION
SERIES 2012A BONDS

Wayne County Airport Authority
State of Michigan

We have acted as bond counsel to the Wayne County Airport Authority, State of Michigan (the "Authority"), in connection with the issuance by the Authority of bonds in the aggregate principal sum of $177,565,000, designated Airport Revenue Bonds (Detroit Metropolitan Wayne County Airport), Series 2012A (the "Bonds"), for the purpose of paying a portion of the cost of acquiring and constructing certain capital improvements at the Detroit Metropolitan Wayne County Airport (the "Airport"), and paying costs of issuance of the Bonds. In such capacity, we have examined such law and the transcript of proceedings relating to the issuance of the Bonds and such other proceedings, certifications and documents as we have deemed necessary to render this opinion.

The Bonds are in fully-registered form in the denomination of $5,000 each or multiples thereof, numbered in order of registration, bearing original issue date of September 6, 2012, payable as to principal and interest as provided in the Bonds, with the option of redemption prior to maturity in the manner, at the times and at the prices specified in the Bonds.

The Bonds are issued under the provisions of Act 327, Public Acts of Michigan, 1945, as amended and Act 94, Public Acts of Michigan, 1933, as amended ("Act 94"). The Authority has reserved the right to issue additional bonds of equal standing with the Bonds pursuant to the conditions stated in the ordinances authorizing the Bonds (collectively, the "Ordinance").

As to questions of fact material to our opinion, we have relied on the representations of the Authority contained in the Ordinance, and in the certified proceedings and other certifications of public officials and others furnished to us.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Ordinance has been duly and lawfully adopted by the Authority and is in full force and effect. The Ordinance by its terms constitutes a contract between the Authority and the holders of the Bonds and is valid and binding upon the Authority and enforceable against the Authority in accordance with its terms.

2. The Authority has sufficient power and authority to operate the Detroit Metropolitan Wayne County Airport (the "Airport") and to issue the Bonds for the above purposes secured by the pledge of Airport revenues as hereinafter described.

3. The Bonds have been duly authorized, executed, and delivered by the Authority and authenticated by the Trustee (as defined in the Ordinance) in accordance with the Ordinance. All conditions precedent to the sale and delivery of the Bonds have been fulfilled.

4. The Bonds are valid and binding obligations of the Authority according to their tenor, payable solely and only from and secured by a statutory lien on the revenues of the Airport, after payment of the expenses of administration, operation and maintenance thereof (the "Net Revenues"), and are entitled to the benefits of the Ordinance and Act 94. The statutory lien on the Net Revenues is of equal standing and on a parity as to the Net Revenues with all outstanding Bonds (as defined in the Ordinance) (the "Outstanding Bonds") and any Additional Bonds (as defined in the Ordinance).

5. The Authority is obligated to charge and collect rates, charges and landing fees from every user of the Airport sufficient, together with all other available funds, to provide adequate revenues for the payment of the expenses of administration, operation and maintenance of the Airport and such other expenditures and funds for the Bonds, the Outstanding Bonds, the Junior Lien Bonds (as defined in the Ordinance) and the Airport as are required by the Ordinance and Act 94; provided, however, that to the extent that rates are fixed by contract, such rates may be revised only in accordance with the terms of such contract.

6. The interest on the Bonds (i) is excludable from gross income for federal income tax purposes and (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that with respect to corporations (as defined for federal income tax purposes) such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. Further, the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. The opinions set forth in this paragraph are subject to the condition that the Authority comply with all requirements of applicable federal income tax law that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. Failure to comply with all such requirements could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds.

Except as stated in paragraph 6 above, we express no opinion regarding other federal or state tax consequences arising with respect to the Bonds and the interest thereon.

The rights or remedies of bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other similar laws affecting creditors' rights generally, now existing or hereafter enacted, and by the application of general principles of equity, including those relating to equitable subordination.

This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion 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,

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

Founded in 1852
by Sidney Davy Miller

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FORM OF BOND COUNSEL OPINION
SERIES 2012B BONDS

Wayne County Airport Authority
State of Michigan

We have acted as bond counsel to the Wayne County Airport Authority, State of Michigan (the "Authority"), in connection with the issuance by the Authority of bonds in the aggregate principal sum of $25,090,000, designated Airport Revenue Bonds (Detroit Metropolitan Wayne County Airport), Series 2012B (the "Bonds"), for the purpose of paying a portion of the cost of acquiring and constructing certain capital improvements at the Detroit Metropolitan Wayne County Airport (the "Airport"), and paying costs of issuance of the Bonds. In such capacity, we have examined such law and the transcript of proceedings relating to the issuance of the Bonds and such other proceedings, certifications and documents as we have deemed necessary to render this opinion.

The Bonds are in fully-registered form in the denomination of $5,000 each or multiples thereof, numbered in order of registration, bearing original issue date of September 6, 2012, payable as to principal and interest as provided in the Bonds, with the option of redemption prior to maturity in the manner, at the times and at the prices specified in the Bonds.

The Bonds are issued under the provisions of Act 327, Public Acts of Michigan, 1945, as amended and Act 94, Public Acts of Michigan, 1933, as amended ("Act 94"). The Authority has reserved the right to issue additional bonds of equal standing with the Bonds pursuant to the conditions stated in the ordinances authorizing the Bonds (collectively, the "Ordinance").

As to questions of fact material to our opinion, we have relied on the representations of the Authority contained in the Ordinance, and in the certified proceedings and other certifications of public officials and others furnished to us.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Ordinance has been duly and lawfully adopted by the Authority and is in full force and effect. The Ordinance by its terms constitutes a contract between the Authority and the holders of the Bonds and is valid and binding upon the Authority and enforceable against the Authority in accordance with its terms.

2. The Authority has sufficient power and authority to operate the Detroit Metropolitan Wayne County Airport (the "Airport") and to issue the Bonds for the above purposes secured by the pledge of Airport revenues as hereinafter described.

3. The Bonds have been duly authorized, executed, and delivered by the Authority and authenticated by the Trustee (as defined in the Ordinance) in accordance with the Ordinance. All conditions precedent to the sale and delivery of the Bonds have been fulfilled.

4. The Bonds are valid and binding obligations of the Authority according to their tenor, payable solely and only from and secured by a statutory lien on the revenues of the Airport, after payment of the expenses of

administration, operation and maintenance thereof (the "Net Revenues"), and are entitled to the benefits of the Ordinance and Act 94. The statutory lien on the Net Revenues is of equal standing and on a parity as to the Net Revenues with all outstanding Bonds (as defined in the Ordinance) (the "Outstanding Bonds") and any Additional Bonds (as defined in the Ordinance).

5. The Authority is obligated to charge and collect rates, charges and landing fees from every user of the Airport sufficient, together with all other available funds, to provide adequate revenues for the payment of the expenses of administration, operation and maintenance of the Airport and such other expenditures and funds for the Bonds, the Outstanding Bonds, the Junior Lien Bonds (as defined in the Ordinance) and the Airport as are required by the Ordinance and Act 94; provided, however, that to the extent that rates are fixed by contract, such rates may be revised only in accordance with the terms of such contract.

6. The interest on the Bonds (i) is excludable from gross income for federal income tax purposes (except for any period when the Bonds are held by a "substantial user" of the Airport or a person deemed "related" thereto (as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended)) and (ii) is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. With respect to corporations (as defined for federal income tax purposes) such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. Further, the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. The opinions set forth in this paragraph are subject to the condition that the Authority comply with all requirements of applicable federal income tax law that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. Failure to comply with all such requirements could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds.

Except as stated in paragraph 6 above, we express no opinion regarding other federal or state tax consequences arising with respect to the Bonds and the interest thereon.

The rights or remedies of bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other similar laws affecting creditors' rights generally, now existing or hereafter enacted, and by the application of general principles of equity, including those relating to equitable subordination.

This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion 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,

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

Founded in 1852
by Sidney Davy Miller

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FORM OF BOND COUNSEL OPINION
SERIES 2012C BONDS

Wayne County Airport Authority
State of Michigan

We have acted as bond counsel to the Wayne County Airport Authority, State of Michigan (the "Authority"), in connection with the issuance by the Authority of bonds in the aggregate principal sum of $3,885,000, designated Airport Revenue Refunding Bonds (Detroit Metropolitan Wayne County Airport), Series 2012C (the "Bonds"), for the purpose of refunding a portion of the Authority's previously issued Airport Revenue Refunding Bonds, and paying costs of issuance of the Bonds. In such capacity, we have examined such law and the transcript of proceedings relating to the issuance of the Bonds and such other proceedings, certifications and documents as we have deemed necessary to render this opinion.

The Bonds are in fully-registered form in the denomination of $5,000 each or multiples thereof, numbered in order of registration, bearing original issue date of September 6, 2012, payable as to principal and interest as provided in the Bonds, with the option of redemption prior to maturity in the manner, at the times and at the prices specified in the Bonds.

The Bonds are issued under the provisions of Act 327, Public Acts of Michigan, 1945, as amended and Act 94, Public Acts of Michigan, 1933, as amended ("Act 94"). The Authority has reserved the right to issue additional bonds of equal standing with the Bonds pursuant to the conditions stated in the ordinances authorizing the Bonds (collectively, the "Ordinance").

As to questions of fact material to our opinion, we have relied on the representations of the Authority contained in the Ordinance, and in the certified proceedings and other certifications of public officials and others furnished to us.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Ordinance has been duly and lawfully adopted by the Authority and is in full force and effect. The Ordinance by its terms constitutes a contract between the Authority and the holders of the Bonds and is valid and binding upon the Authority and enforceable against the Authority in accordance with its terms.

2. The Authority has sufficient power and authority to operate the Detroit Metropolitan Wayne County Airport (the "Airport") and to issue the Bonds for the above purposes secured by the pledge of Airport revenues as hereinafter described.

3. The Bonds have been duly authorized, executed, and delivered by the Authority and authenticated by the Trustee (as defined in the Ordinance) in accordance with the Ordinance. All conditions precedent to the sale and delivery of the Bonds have been fulfilled.

4. The Bonds are valid and binding obligations of the Authority according to their tenor, payable solely and only from and secured by a statutory lien on the revenues of the Airport, after payment of the expenses of

administration, operation and maintenance thereof (the "Net Revenues"), and are entitled to the benefits of the Ordinance and Act 94. The statutory lien on the Net Revenues is of equal standing and on a parity as to the Net Revenues with all outstanding Bonds (as defined in the Ordinance) (the "Outstanding Bonds") and any Additional Bonds (as defined in the Ordinance).

5. The Authority is obligated to charge and collect rates, charges and landing fees from every user of the Airport sufficient, together with all other available funds, to provide adequate revenues for the payment of the expenses of administration, operation and maintenance of the Airport and such other expenditures and funds for the Bonds, the Outstanding Bonds, the Junior Lien Bonds (as defined in the Ordinance) and the Airport as are required by the Ordinance and Act 94; provided, however, that to the extent that rates are fixed by contract, such rates may be revised only in accordance with the terms of such contract.

6. The interest on the Bonds (i) is excludable from gross income for federal income tax purposes and (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that with respect to corporations (as defined for federal income tax purposes) such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. Further, the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. The opinions set forth in this paragraph are subject to the condition that the Authority comply with all requirements of applicable federal income tax law that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. Failure to comply with all such requirements could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds.

Except as stated in paragraph 6 above, we express no opinion regarding other federal or state tax consequences arising with respect to the Bonds and the interest thereon.

The rights or remedies of bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other similar laws affecting creditors' rights generally, now existing or hereafter enacted, and by the application of general principles of equity, including those relating to equitable subordination.

This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion 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,

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FORM OF BOND COUNSEL OPINION
SERIES 2012D BONDS

Wayne County Airport Authority
State of Michigan

We have acted as bond counsel to the Wayne County Airport Authority, State of Michigan (the "Authority"), in connection with the issuance by the Authority of bonds in the aggregate principal sum of $71,525,000, designated Airport Revenue Refunding Bonds (Detroit Metropolitan Wayne County Airport), Series 2012D (the "Bonds"), for the purpose of refunding a portion of the Authority's previously issued Airport Revenue Bonds and Airport Revenue Refunding Bonds, and paying costs of issuance of the Bonds. In such capacity, we have examined such law and the transcript of proceedings relating to the issuance of the Bonds and such other proceedings, certifications and documents as we have deemed necessary to render this opinion.

The Bonds are in fully-registered form in the denomination of $5,000 each or multiples thereof, numbered in order of registration, bearing original issue date of September 6, 2012, payable as to principal and interest as provided in the Bonds, with the option of redemption prior to maturity in the manner, at the times and at the prices specified in the Bonds.

The Bonds are issued under the provisions of Act 327, Public Acts of Michigan, 1945, as amended and Act 94, Public Acts of Michigan, 1933, as amended ("Act 94"). The Authority has reserved the right to issue additional bonds of equal standing with the Bonds pursuant to the conditions stated in the ordinances authorizing the Bonds (collectively, the "Ordinance").

As to questions of fact material to our opinion, we have relied on the representations of the Authority contained in the Ordinance, and in the certified proceedings and other certifications of public officials and others furnished to us.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Ordinance has been duly and lawfully adopted by the Authority and is in full force and effect. The Ordinance by its terms constitutes a contract between the Authority and the holders of the Bonds and is valid and binding upon the Authority and enforceable against the Authority in accordance with its terms.

2. The Authority has sufficient power and authority to operate the Detroit Metropolitan Wayne County Airport (the "Airport") and to issue the Bonds for the above purposes secured by the pledge of Airport revenues as hereinafter described.

3. The Bonds have been duly authorized, executed, and delivered by the Authority and authenticated by the Trustee (as defined in the Ordinance) in accordance with the Ordinance. All conditions precedent to the sale and delivery of the Bonds have been fulfilled.

4. The Bonds are valid and binding obligations of the Authority according to their tenor, payable solely and only from and secured by a statutory lien on the revenues of the Airport, after payment of the expenses of

administration, operation and maintenance thereof (the "Net Revenues"), and are entitled to the benefits of the Ordinance and Act 94. The statutory lien on the Net Revenues is of equal standing and on a parity as to the Net Revenues with all outstanding Bonds (as defined in the Ordinance) (the "Outstanding Bonds") and any Additional Bonds (as defined in the Ordinance).

5. The Authority is obligated to charge and collect rates, charges and landing fees from every user of the Airport sufficient, together with all other available funds, to provide adequate revenues for the payment of the expenses of administration, operation and maintenance of the Airport and such other expenditures and funds for the Bonds, the Outstanding Bonds, the Junior Lien Bonds (as defined in the Ordinance) and the Airport as are required by the Ordinance and Act 94; provided, however, that to the extent that rates are fixed by contract, such rates may be revised only in accordance with the terms of such contract.

6. The interest on the Bonds (i) is excludable from gross income for federal income tax purposes (except for any period when the Bonds are held by a "substantial user" of the Airport or a person deemed "related" thereto (as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended)) and (ii) is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. With respect to corporations (as defined for federal income tax purposes) such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. Further, the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. The opinions set forth in this paragraph are subject to the condition that the Authority comply with all requirements of applicable federal income tax law that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. Failure to comply with all such requirements could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds.

Except as stated in paragraph 6 above, we express no opinion regarding other federal or state tax consequences arising with respect to the Bonds and the interest thereon.

The rights or remedies of bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other similar laws affecting creditors' rights generally, now existing or hereafter enacted, and by the application of general principles of equity, including those relating to equitable subordination.

This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion 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,

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

APPENDIX H

SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY

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ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS: $ in aggregate principal amount of

Policy No: -N

Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By ____________________________
Authorized Officer

Form 500NY (5/90)

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