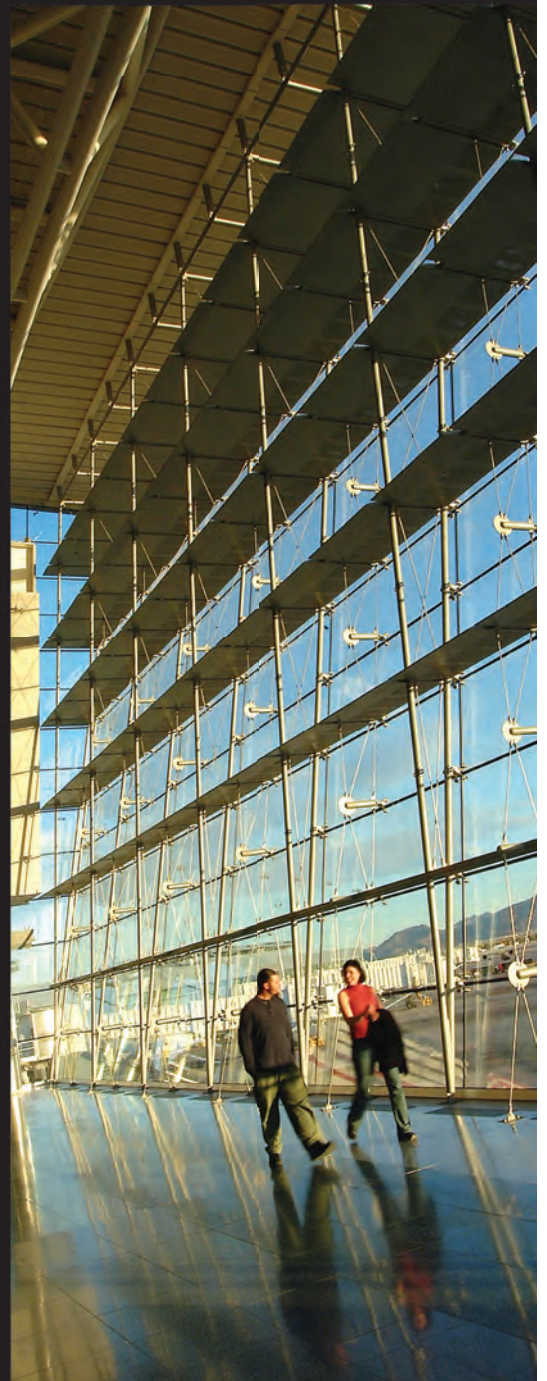


\$64,360,000
Clark County, Nevada
Las Vegas-McCarran International Airport
Passenger Facility Charge Refunding Revenue Bonds
2012 Series B
(Non-AMT)

McCarran
INTERNATIONAL AIRPORT



**Clark County Department
of Aviation**

Randall H. Walker,
Director of Aviation

Rosemary A. Vassiliadis,
Deputy Director of Aviation



**Clark County Board
of Commissioners**

Larry Brown,
Lawrence Weekly,
Susan Brager (Chair),
Chris Giunchigliani,
Mary Beth Scow,
Steve Sisolak (Vice-Chair),
and Tom Collins

Donald G. Burnette,
County Manager

\$64,360,000
Clark County, Nevada
Las Vegas-McCarran International Airport
Passenger Facility Charge Refunding Revenue Bonds
2012 Series B
(Non-AMT)

Dated: Date of Delivery**Due: July 1, as shown on the inside front cover**

The 2012B PFC Bonds are being issued for the purpose of refunding the outstanding Clark County, Nevada, Las Vegas-McCarran International Airport, Passenger Facility Charge Refunding Revenue Bonds, 1998 Series A and to pay certain costs of issuance thereof. The 2012B PFC Bonds are payable from, and secured by a pledge of and lien upon, Pledged PFC Revenues derived from the Passenger Facility Charge which has been imposed by Clark County under authorization of the Federal Aviation Act and regulations promulgated thereunder and all moneys and securities in certain accounts created under the Master Indenture and 2012 PFC Series B Indenture, such pledge of and lien on Pledged PFC Revenues being on a parity with outstanding PFC Bonds and any Parity PFC Bonds issued in the future, as described herein. The 2012B PFC Bonds are additionally secured by and are payable from Net Revenues of the Airport System subordinate and junior to the lien thereon of outstanding Senior Bonds, certain other amounts described herein and any additional Senior Bonds which may be issued in the future, and are on a parity with outstanding Subordinate Lien Bonds, inclusive of PFC Bonds, and certain other amounts described herein and any securities hereafter issued on a parity therewith, all as more particularly described herein.

The 2012B PFC Bonds will be issued in book-entry form, without coupons, initially registered in the name Cede & Co., as nominee of The Depository Trust Company, New York, New York. Purchasers of the 2012B PFC Bonds will not receive physical certificates representing their interests in the 2012B PFC Bonds purchased. DTC will act as securities depository for the 2012B PFC Bonds.

The principal of and interest on the 2012B PFC Bonds will be paid directly to DTC, by The Bank of New York Mellon Trust Company, N.A., as trustee, so long as DTC or its nominee is the registered owner of the 2012B PFC Bonds. Upon receipt of payments of such principal and interest, DTC is to remit such principal and interest to the participants in DTC for subsequent disbursement to the beneficial owners of the 2012B PFC Bonds.

Interest on the 2012B PFC Bonds is payable semiannually on each January 1 and July 1, commencing January 1, 2013. Interest on the 2012B PFC Bonds will accrue on the basis of a 360 day year based on twelve 30 day months. Individual purchases of 2012B PFC Bonds will be made in principal amounts of \$5,000 and integral multiples thereof.

The 2012B PFC Bonds do not constitute a debt of Clark County within the meaning of any constitutional or statutory provision or limitation, and neither the full faith and credit nor the taxing power of Clark County is pledged to the payment thereof.

The 2012B PFC Bonds are subject to optional redemption and mandatory sinking fund redemption as more fully described herein.

In the opinion of Swendseid & Stern, a Member in Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the 2012B PFC Bonds is excluded from gross income pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2012B PFC Bonds (the “Tax Code”), and is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations as described herein. Also, in the opinion of Bond Counsel, under present laws of the State of Nevada, the 2012B PFC Bonds, their transfer, and the income thereon are free and exempt from taxation by the State of Nevada or any subdivision thereof except the State estate tax and the State tax on generation skipping transfers. See the caption “TAX MATTERS.”

MATURITY SCHEDULE

(See inside front cover)

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR GENERAL REFERENCE ONLY. IT IS NOT INTENDED TO BE A SUMMARY OF THE TERMS OF OR SECURITY FOR THE 2012B PFC BONDS. INVESTORS ARE ADVISED TO READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The 2012B PFC Bonds are offered when, as and if issued, subject to the approval of their validity and enforceability by Swendseid & Stern, a Member in Sherman & Howard, L.L.C., Las Vegas and Reno, Nevada, Bond Counsel. Certain legal matters will be passed upon for Clark County by the County District Attorney, Las Vegas, Nevada, and for the Underwriters by Underwriters’ Counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation, Sacramento, California. It is expected that the 2012B PFC Bonds in book-entry form will be available for delivery through the facilities of The Depository Trust Company on or about July 2, 2012.

Citigroup
(Senior Manager)

BofA Merrill Lynch

RBC Capital Markets
(Co-Managers)

Siebert Brandford Shank & Co.,
L.L.C.

\$64,360,000
Clark County, Nevada
Las Vegas-McCarran International Airport
Passenger Facility Charge Refunding Revenue Bonds
2012 Series B
(Non-AMT)

<i><u>Due</u></i> <i><u>(July 1)</u></i>	<i><u>Amount</u></i>	<i><u>Interest</u></i> <i><u>Rate</u></i>	<i><u>Yield</u></i>
2019	\$4,530,000	5.00%	2.04%
2020	4,755,000	5.00	2.35
2021	4,995,000	5.00	2.60
2022	5,245,000	5.00	2.75
2025	5,505,000	5.00	3.22*
2028	5,780,000	5.00	3.51*
2029	6,070,000	5.00	3.58*
2030	6,375,000	5.00	3.61*
2031	6,695,000	5.00	3.66*

\$14,410,000 5.00% Term 2012B PFC Bonds due July 1, 2033, Yield 3.77%*

* Yield to optional redemption date of July 1, 2022 at par.

CLARK COUNTY, NEVADA
500 South Grand Central Parkway
Las Vegas, Nevada 89106

BOARD OF COUNTY COMMISSIONERS

Susan Brager, Chair
Steve Sisolak, Vice Chair
Larry Brown
Tom Collins
Chris Giunchigliani
Mary Beth Scow
Lawrence Weekly

COUNTY OFFICIALS

Donald G. Burnette, County Manager
Laura B. Fitzpatrick, Treasurer
George W. Stevens, Chief Financial Officer
Jessica Colvin, Comptroller
Diana Alba, Clerk
David Roger, District Attorney

OFFICIALS OF McCARRAN INTERNATIONAL AIRPORT

Randall H. Walker, Director of Aviation
Rosemary A. Vassiliadis, Deputy Director of Aviation

FINANCIAL ADVISORS

Hobbs, Ong & Associates, Inc.
Las Vegas, Nevada

Public Financial Management, Inc.
San Francisco, California

BOND COUNSEL

Swendseid & Stern, a Member in
Sherman & Howard, L.L.C.
Las Vegas and Reno, Nevada

TRUSTEE

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

VERIFICATION AGENT

Causey Demgen & Moore Inc.
Denver, Colorado

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations by the County or the Underwriters, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the County or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2012B PFC Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the 2012B PFC Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

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 does not guarantee the accuracy or completeness of such information.

The information set forth herein has been furnished by the County and includes information which has been obtained from other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriters. The information and expression of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implications that there has been no change in the affairs of the County since the date hereof.

IN CONNECTION WITH THIS OFFERING OF THE 2012B PFC BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2012B PFC BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE 2012B PFC BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE 2012B PFC BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget” or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the caption “THE AIRPORT SYSTEM” and “FINANCIAL FACTORS.”

The County maintains a website; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2012B PFC Bonds.

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^{**} To be updated annually pursuant to the County's Continuing Disclosure Certificate.

⁽¹⁾ Only historical information in these tables will be updated pursuant to the County's Continuing Disclosure Certificate.

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OFFICIAL STATEMENT

Relating to

\$64,360,000

Clark County, Nevada

Las Vegas-McCarran International Airport

Passenger Facility Charge Refunding Revenue Bonds

2012 Series B

(Non-AMT)

INTRODUCTION

The purpose of this Official Statement, which includes the cover page, Summary Statement and Appendices hereto, is to furnish information concerning Clark County (the “County”), Nevada (the “State”), the County’s McCarran International Airport (the “Airport”), as well as four smaller airfields owned and operated by the County used primarily for private aircraft, known as North Las Vegas Air Terminal, Henderson Executive Airport, Overton Airport and Jean Airport (collectively with the Airport, the “Airport System,” as more fully described herein), the collection by the County of certain passenger facility charges (the “Passenger Facility Charges”) from enplaned passengers at the Airport and certain other information in connection with the sale of the \$64,360,000 aggregate principal amount of Clark County, Nevada, Las Vegas-McCarran International Airport Passenger Facility Charge Refunding Revenue Bonds, 2012 Series B (the “2012B PFC Bonds”). Proceeds of the 2012B PFC Bonds will be used to refund the outstanding principal amount of the Clark County, Nevada, Las Vegas McCarran International Airport, Passenger Facility Charge Refunding Revenue Bonds, 1998 Series A (the “1998 PFC Bonds”) and to pay certain costs of issuance thereof, all as more particularly described under the caption “THE REFUNDING PLAN.”

The 2012B PFC Bonds are to be issued pursuant to the Nevada Municipal Airports Act (Nevada Revised Statutes § 496.010 *et seq.*) (the “Project Act”), the Nevada Local Government Securities Law (Nevada Revised Statutes § 350.500 *et seq.*) (the “Bond Act”) and the Nevada Registration of Public Securities Law (Nevada Revised Statutes § 348.010 *et seq.*) (the “Supplemental Bond Act”). The 2012B PFC Bonds are to be issued and secured pursuant to the Master Indenture between the County and The Bank of New York Mellon Trust Company, N.A. (the “Trustee”) dated as of May 1, 2003 (the “Master Indenture”), the 2012 PFC Series B Indenture between the County and Trustee, dated as of July 1, 2012 (the “2012 PFC Series B Indenture”), and ordinances authorizing various issues of bonds payable from certain Passenger Facility Charges collected at the Airport (the “PFC Ordinances” and together with the Master Indenture and certain supplemental indentures, including the 2012 PFC Series B Indenture, the “PFC Instruments”).

The County currently collects a \$4.50 Passenger Facility Charge per qualifying enplaned passenger at the Airport (the “PFC Revenues”). The 2012B PFC Bonds are secured by a pledge of and lien on the \$4.50 Passenger Facility Charges collected by the County on qualifying enplaned passengers at the Airport (the “Pledged PFC Revenues”). The Passenger Facility Charge is under the authorization of the Federal Aviation Act (49 United States Code § 40117) and regulations promulgated thereunder (together, the “Federal Act”), together with all moneys and securities held in certain accounts created under the PFC Instruments. Any Passenger Facility Charges above \$4.50 per qualifying enplaned passenger resulting from a future increase in the Passenger Facility Charge are not pledged to payment of the 2012B PFC Bonds and may be used by the County for any lawful purpose permitted for such PFC Revenues. See the caption “PASSENGER FACILITY CHARGE—Imposition of Passenger Facility Charge by County” for a history of Passenger Facility Charges collected by the County.

The pledge and lien on Pledged PFC Revenues securing the 2012B PFC Bonds is on a parity with \$5,645,000 principal amount of outstanding Clark County, Nevada, Las Vegas-McCarran International Airport Passenger Facility Charge Refunding Revenue Bonds, 2002 Series A (the “2002A PFC Bonds”),

\$217,680,000 principal amount of outstanding Clark County, Nevada, Las Vegas-McCarran International Airport Passenger Facility Charge Refunding Revenue Bonds, 2007 Series A (the “2007A PFC Bonds”), \$100,345,000 principal amount of outstanding Clark County, Nevada, Las Vegas-McCarran International Airport Passenger Facility Charge Revenue Bonds, 2008 Series A (the “2008A PFC Bonds”), \$450,000,000 principal amount of outstanding Clark County, Nevada, Las Vegas-McCarran International Airport Passenger Facility Charge Revenue Bonds, 2010 Series A (the “2010A PFC Bonds”) and \$190,065,000 principal amount of outstanding Clark County, Nevada, Las Vegas-McCarran International Airport Passenger Facility Charge Revenue Bonds, 2010 Series F (the “2010F PFC Bonds”). The 2012B PFC Bonds, the 2010F PFC Bonds, the 2010A PFC Bonds, the 2008A PFC Bonds, the 2007A PFC Bonds and the 2002A PFC Bonds are referred to herein as the “Parity PFC Bonds.” See the captions “SECURITY FOR THE 2012B PFC BONDS—Pledge of Pledged PFC Revenues” and “SECURITY FOR THE 2012B PFC BONDS—Covenant to Comply With the Federal Act” and “PASSENGER FACILITY CHARGE.”

The Parity PFC Bonds, including the 2012B PFC Bonds, are also secured by and are payable from Net Revenues of the Airport System subordinate and junior to \$1,033,505,000 principal amount of currently outstanding revenue bonds (the “Senior Bonds”) and to the lien thereon of certain County obligations under an interest rate swap agreement entered into with respect to certain outstanding Senior Bonds and to any additional Senior Bonds which may be issued in the future. The Parity PFC Bonds, including the 2012B PFC Bonds, are secured by and payable from Net Revenues of the Airport System on a parity with \$2,007,725,000 principal amount of currently outstanding revenue bonds (the “Subordinate Lien Bonds”), with letters of credit or liquidity facilities securing certain Subordinate Lien Bonds, and with certain amounts payable by the County with respect to certain interest rate swap agreements and certain amounts with respect to certain interest rate swap agreements which may be entered into in the future, and any additional Subordinate Lien Bonds which may be used in the future, all as more particularly described under the caption “SECURITY FOR THE 2012B PFC BONDS—Subordinate Lien Pledge of Airport Revenues.”

The Bank of New York Mellon Trust Company, N.A. has been appointed as Trustee with respect to the 2012B PFC Bonds.

The 2012B PFC Bonds are special obligations of the County payable solely from Pledged PFC Revenues and from Net Revenues of the Airport System available for deposit in the Subordinate Securities Fund. The 2012B PFC Bonds do not constitute a debt of the County within the meaning of any Constitutional or statutory provision or limitation, and neither the full faith and credit nor the taxing power of the County is pledged to the payment thereof. See the caption “SECURITY FOR THE 2012B PFC BONDS.”

The descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each document. Certain capitalized terms used herein and not defined herein shall have the meaning given such terms in Appendix C hereto entitled “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE 2012 PFC SERIES B INDENTURE.”

Changes have been made to this Official Statement since the Preliminary Official Statement dated May 24, 2012: (i) to the table under the caption “SECURITY FOR THE 2012B PFC BONDS—Subordinate Lien Pledge of Airport Revenues—Subordinate Lien Pledge” to add Footnote 2 with respect to the 2004A Bonds; (ii) under the caption “THE AIRPORT SYSTEM—Department of Aviation” to reflect the appointment of the Assistant Director of Aviation/Finance; (iii) under the caption “LITIGATION AND OTHER LEGAL MATTERS AFFECTING THE AIRPORT” to provide updates with respect to certain litigation involving the County; and (iv) in Appendix A to update certain information with respect to the County.

THE REFUNDING PLAN

General

Concurrently with the delivery of the 2012B PFC Bonds, a portion of the proceeds thereof will be transferred to The Bank of New York Mellon Trust Company, N.A., as trustee for the 1998 PFC Bonds (the “1998 PFC Trustee”) pursuant to the 2012 PFC Series B Indenture and the Clark County, Nevada, Las Vegas-McCarran International Airport Passenger Facility Charge Refunding Revenue Bonds, Series 2012B, Refunding Deposit Agreement, dated as of July 1, 2012 (the “Escrow Agreement”), by and between the County and the 1998 PFC Trustee, as escrow agent. The moneys transferred to the 1998 PFC Trustee and other moneys on deposit in the Escrow Fund will be fully sufficient, together with other moneys legally available therefor, to pay the principal of the 1998 PFC Bonds being refunded (the “Refunded Bonds”) and the interest thereon becoming due through and including the redemption date thereof. Consequently, upon the issuance of the 2012B PFC Bonds and the application of proceeds as described above, the Refunded Bonds will be redeemed on or about the thirtieth day after the issuance of the 2012B PFC Bonds.

Sufficiency of the moneys deposited in the Escrow Fund for those purposes will be verified by Causey, Demgen & Moore Inc., Denver, Colorado (the “Verification Agent”). Assuming the accuracy of such computations, as a result of the deposit and application of funds as provided above, the Refunded Bonds will be defeased pursuant to the provisions of the Master Indenture and the 1998 PFC Series A Indenture under which the Refunded Bonds were issued, as of the date of issuance of the 2012B PFC Bonds.

Verification

Upon issuance of the 2012B PFC Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to it by the Underwriters relating to the adequacy of the moneys deposited in the Escrow Fund to pay the redemption price of the Refunded Bonds when due.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds from proceeds of the 2012B PFC Bonds.

<u>Sources</u> ⁽¹⁾	
Principal Amount of Bonds	\$ 64,360,000
Original Issue Premium	8,985,742
Transferred Funds ⁽²⁾	<u>9,350,088</u>
Total Sources	<u>\$ 82,695,830</u>
<u>Uses</u> ⁽¹⁾	
Transfer to 1998 PFC Trustee for	
Deposit in the Escrow Fund	\$ 82,011,339
Underwriters’ Discount	462,777
Costs of Issuance ⁽³⁾	<u>221,714</u>
Total Uses	<u>\$ 82,695,830</u>

⁽¹⁾ All amounts rounded to nearest dollar. Amounts may not independently add due to rounding.

⁽²⁾ Includes amounts transferred from funds created with respect to the 1998 PFC Bonds.

⁽³⁾ Includes fees of Financial Advisors, Trustee, Bond Counsel, Verification Agent and miscellaneous fees and expenses.

DESCRIPTION OF THE 2012B PFC BONDS

General

The 2012B PFC Bonds will be dated the date of delivery, and will bear interest from their date to their respective maturities in the amounts and at the rates set forth on the inside cover page of this Official Statement. Interest on the 2012B PFC Bonds will be payable semiannually on each January 1 and July 1, commencing January 1, 2013. Interest on the 2012B PFC Bonds will accrue on the basis of a 360 day year based on twelve 30 day months.

Except as described under the caption “—DTC and Book-Entry Only System” and in Appendix E—“DTC AND BOOK-ENTRY ONLY SYSTEM,” the 2012B PFC Bonds will be issued in fully registered form in the denomination of \$5,000 and any integral multiples thereof. The principal of any 2012B PFC Bond, will be payable to the registered owner thereof as shown on the registration records kept by the Registrar, upon maturity and upon presentation and surrender at the office of the Registrar in Los Angeles, California. If any 2012B PFC Bond is not paid upon presentation and surrender at or after maturity, it will continue to draw interest at the interest rate borne by the 2012B PFC Bond until the principal thereof is paid in full. Except as described in Appendix E—“DTC AND BOOK-ENTRY ONLY SYSTEM,” payment of interest on any 2012B PFC Bond will be made to the registered owner thereof by check mailed by the Trustee on each interest payment date (or, if such interest payment date is not a business day, on or before the next succeeding business day), to the registered owner thereof at its address as shown on the registration records kept by the Registrar at the close of business on the 15th day (whether or not a business day) immediately preceding such interest payment date (the “Record Date”); except that in the case of such an owner of \$1,000,000 or more in aggregate principal amount of 2012B PFC Bonds, upon the written request of such registered owner to the Trustee at least two business days before the Record Date, specifying the account or accounts in the continental United States to which such payment will be made, such payments will be made by wire transfer of immediately available funds on the applicable payment date following such Record Date. Any request referred to in the preceding sentence will remain in effect until revoked or revised by such registered owner by an instrument in writing delivered to the Trustee. The principal of any 2012B PFC Bond will be payable to the registered owner thereof as shown on the registration records kept by the Registrar upon maturity thereof and upon presentation and surrender at the office of the Registrar in Los Angeles, California. Except as provided in the 2012 PFC Series B Indenture, payment of interest on any 2012B PFC Bond will be made to the registered Owner thereof by check or draft mailed by first class mail by the Trustee on each Interest Payment Date to the registered Owner thereof at its address as shown on the registration records kept by the Registrar at the close of business on the Record Date. Any such interest not so timely paid or duly provided for will cease to be payable to the Person who is the registered owner thereof at the close of business on the Record Date and will be payable to the person who is the registered owner thereof at the close of business on a special record date for the payment of any such defaulted interest (a “Special Record Date”). Such Special Record Date will be fixed by the Trustee whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date will be given to the registered owners of the 2012B PFC Bonds not less than ten days prior thereto by first class mail to each such registered owner as shown on the Registrar’s registration records on a date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest on any 2012B PFC Bond by such alternative means as may be mutually agreed to between the owner of such 2012B PFC Bond and the Paying Agent (but, if such alternative means increase any cost to the County, the Paying Agent will obtain the County’s consent prior to agreeing to such alternative means). All such payments will be made in lawful money of the United States of America.

Book-Entry Only System

The 2012B PFC Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the 2012B PFC Bonds. The information in this

section concerning DTC and DTC's book-entry system has been obtained from DTC, and the County and the Trustee take no responsibility for the accuracy thereof. Capitalized terms used under this caption and not otherwise defined have the respective meanings given to such terms in Appendix E. A fully-registered 2012B PFC Bond will be issued in a denomination equal to the aggregate principal amount of the 2012B PFC Bonds and will be deposited with DTC. Individual purchases may be made in book-entry only form. Purchasers will not receive certificates representing their interest in the 2012B PFC Bonds purchased. So long as Cede & Co. is the registered owner of the 2012B PFC Bonds, as nominee of DTC, references herein to the owners of the 2012B PFC Bonds or 2012B PFC Bondholders mean Cede & Co. and not the actual purchasers of the 2012B PFC Bonds (the "Beneficial Owners"). The principal of and interest on each 2012B PFC Bonds will be payable by wire transfer by the Trustee to Cede & Co., as nominee for DTC, which is required, in turn, to remit such amounts to the DTC Participants for subsequent disbursement to the Beneficial Owners. See Appendix E—"DTC AND BOOK-ENTRY ONLY SYSTEM" for a further description of DTC and its book-entry system.

The Book-Entry System may be discontinued by the Trustee and the County, at the direction and expense of the County, and the County and the Trustee will cause the delivery of 2012B PFC Bonds to such Beneficial Owners of the 2012B PFC Bonds and registered in the names of such Beneficial Owners as will be specified to the Trustee by the Securities Depository in writing, under the following circumstances:

A. The Securities Depository determines to discontinue providing its service with respect to the 2012B PFC Bonds and no successor Securities Depository is appointed as described in Appendix E. Such a determination may be made at any time by giving 30 days' notice to the County and the Trustee and discharging its responsibilities with respect thereto under applicable law; or

B. The County determines not to continue the Book-Entry System through a Securities Depository, upon not less than 45 days' prior written notice to the Trustee.

Redemption of the 2012B PFC Bonds

Optional Redemption. The 2012B PFC Bonds maturing on or before July 1, 2022 are not subject to prior redemption. 2012B PFC Bonds, or portions thereof, maturing on and after July 1, 2023 are subject to redemption prior to their respective maturities, at the option of the County, on and after July 1, 2022, in whole at any time or in part at any time, from such maturities as are selected by the County, and if less than all of the 2012B PFC Bonds of a maturity are to be redeemed, the 2012B PFC Bonds of such maturity to be redeemed will be selected by lot within a maturity (giving proportionate weight to the 2012B PFC Bonds in denominations larger than \$5,000), in such manner as the Paying Agent may determine, at par without premium.

Mandatory Sinking Fund Redemption. The 2012B PFC Bonds maturing on July 1, 2033 are subject to mandatory redemption, in part in each year and in the amounts specified below, by lot as determined by the Trustee, for redemption prior to their maturity, at a price equal to the principal amount of each 2012B PFC Bond so redeemed, and accrued interest thereon to the prior redemption date so fixed but no premium. For that purpose there will be credited to the Bond Fund, commencing on July 1, 2032, and ending on July 1, 2033, an amount for credit to the subaccount within the Bond Fund and designated as the Sinking Fund Account in substantially equal monthly installments each Fiscal Year necessary to pay such installments of principal on their respective due dates, i.e., on the first day of July in each of the years designated (such schedules designated in a Certificate of the County Chief Financial Officer being referred to collectively as the "2012B Supplemental Redemption Schedule").

<i>Redemption Date (July 1)</i>	<i>Principal Amount</i>
2032	\$7,030,000
2033*	7,380,000

* Final Maturity.

In its discretion the County may, by delivering 2012B PFC Bonds maturing on July 1 of such year(s) to the Trustee for cancellation not less than 60 days prior to the due date under the 2012B Supplemental Redemption Schedule of all or any part of any principal installment of such 2012B PFC Bonds theretofore purchased by the County, reduce that principal installment by the par value of the 2012B PFC Bonds so delivered to the Trustee, or at the County's election acting by and through the Assistant Director, on written notice to the Trustee, reduce the amount of each subsequent principal installment by a proportionate amount of the par value of the 2012B PFC Bonds so delivered.

The Trustee will proceed to call 2012B PFC Bonds as required by the above provisions between 30 and 60 days prior to the mandatory prior redemption dates outlined above without further notification from the County.

SECURITY FOR THE 2012B PFC BONDS

Pledge of Pledged PFC Revenues

Pledged PFC Revenues, consisting of a \$4.50-per-enplaned-Passenger Facility Charge (but not any future increase in such charge) together with all moneys and securities paid or to be paid to or held or to be held in any account under the 2012 PFC Series B Indenture, are pledged to secure the payment of Bond Requirements of the 2012B PFC Bonds, subject only to the application of such moneys for the purposes and on the terms and conditions of the PFC Instruments. Such pledge will be valid and binding from and after the date of the first delivery of any 2012B PFC Bonds, and the moneys received or receivable by the County and pledged by the 2012 PFC Series B Indenture will immediately be subject to the lien of such pledge without any physical delivery thereof, any filing, or further act. The lien of such pledge and the obligation to perform the contractual provisions made by the 2012 PFC Series B Indenture will be on a parity with the lien and pledge under the PFC Instruments securing Parity PFC Bonds and will have a priority over any or all other obligations and liabilities of the County. The lien of such pledge will be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the County (except as otherwise provided in the 2012 PFC Series B Indenture) irrespective of whether such parties have notice thereof.

Any collections of Passenger Facility Charges resulting from a Passenger Facility Charge exceeding \$4.50 per qualifying enplaned passenger resulting from a future increase in the Passenger Facility Charge are not pledged to payment of the 2012B PFC Bonds and may be used by the County for any lawful purpose permitted for such Passenger Facility Charges.

Covenant to Comply With the Federal Act

The County, acting by and through the Director, the Governing Body or otherwise, has covenanted in the PFC Instruments to faithfully and punctually perform or cause to be performed all duties with respect to Pledged PFC Revenues and the projects financed with the proceeds of the Parity PFC Bonds (collectively, the "PFC Projects") required by the Constitution and laws of the State and the various resolutions, ordinances and other instruments of the County, including, without limitation, the proper segregation of the proceeds of the 2012B PFC Bonds and Pledged PFC Revenues and their application from time to time to the respective accounts provided therefor.

The County has covenanted in the 2012 PFC Series B Indenture that it will comply with all provisions of the PFC Act and the PFC Regulations applicable to the County, as defined in Appendix C—“DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE 2012 PFC SERIES B INDENTURE,” and that it will not take any action or omit to take any action with respect to the Pledged PFC Revenues, the PFC Projects or otherwise if such action or omission would, pursuant to the PFC Regulations, cause the termination of the County’s authority to impose Passenger Facility Charges or prevent the use of the Pledged PFC Revenues as contemplated by the 2012 PFC Series B Indenture. Without limiting the generality of the foregoing, the County has covenanted in the 2012 PFC Series B Indenture that, to the extent necessary to comply with the foregoing covenant, it will: (1) impose a Passenger Facility Charge to the full extent authorized; (2) not unilaterally decrease the level of the Passenger Facility Charge to be collected from any passenger; (3) unilaterally increase the total approved Passenger Facility Charge revenue pursuant to PFC Regulations § 158.37(a) to the extent necessary to pay the Bond Requirements of the Parity PFC Bonds now or later outstanding; (4) apply for an additional increase in total approved Passenger Facility Charge revenue pursuant to PFC Regulations §158.37(b) to the extent that the County projects such increase may be necessary to pay the Bond Requirements of the Parity PFC Bonds now or later outstanding; (5) not impose any noise or access restriction not in compliance with the Airport Noise and Capacity Act of 1990, Pub. L. 101-508, Title IX, Subtitle D; (6) take all action reasonably necessary to cause all collecting air carriers to collect and remit to the County all Passenger Facility Charges required by the PFC Regulations to be so collected and remitted; and (7) contest any attempt by the Federal Aviation Administration to terminate or suspend the County’s authority to impose, receive or use Passenger Facility Charges prior to the charge expiration date or the date that total approved Passenger Facility Charge revenue has been collected.

See the caption “PASSENGER FACILITY CHARGE—Termination of Authority to Impose a Passenger Facility Charge” for a description of the circumstances in which the Administrator (the “Administrator”) of the FAA may terminate the County’s authority to impose a Passenger Facility Charge.

So long as any of the Parity PFC Bonds are Outstanding, as to any Bond Requirements, the County is required under the PFC Instruments to set aside the entire Pledged PFC Revenues, upon their receipt from time to time by the County, in the Income Fund which is required to be maintained by the County Treasurer separate and apart from all other County funds.

Administration of Income Fund. So long as any of the 2012B PFC Bonds are Outstanding, as to any Bond Requirements, during each Fiscal Year the Income Fund will be administered, and the moneys on deposit therein will be applied in the following order of priority, all as provided in the 2012 PFC Series B Indenture.

Bond Fund Payments. First, from any moneys in the Income Fund, the following transfers will be credited to the Bond Fund concurrently with any transfers from the Income Fund to the 2002 Bond Fund, the 2005 Bond Fund, the 2007 Bond Fund, the 2008 Bond Fund, the 2010A Bond Fund, the 2010F Bond Fund and the bond funds for any Outstanding Parity PFC Bonds:

A. Monthly, an amount in equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, to pay the next maturing installment of interest on the 2012B PFC Bonds, and monthly thereafter, commencing on each interest payment date, one-sixth of the amount necessary, together with any other moneys from time to time available therefor and on deposit therein from whatever source, to pay the next maturing installment of interest on the 2012B PFC Bonds then Outstanding.

B. Monthly, commencing on the first day of the month that is one year prior to the first principal payment date, an amount in equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, to pay the next installment of principal of the 2012B PFC Bonds coming due at maturity, and monthly thereafter, commencing on each principal

payment date, one-twelfth of the amount necessary, together with any other moneys from time to time available therefor and on deposit therein from whatever source, to pay the next installment of principal of the 2012B PFC Bonds coming due at maturity or pursuant to the 2012 PFC Series B Indenture.

Payment of Rebate. Second, and subject to the provisions above, there will be transferred into the Rebate Fund, after making in full the monthly deposits as described above, but prior to the transfer of any Pledged PFC Revenues to the payment of Subordinate PFC Bonds, such amounts as are required to be deposited therein to meet the County's obligations under the tax covenant contained in the 2012 PFC Series B Indenture, in accordance with § 148(f) of the Tax Code. Amounts in the Rebate Fund will be used for the purpose of making the payments to the United States required by such covenant and § 148(f) of the Tax Code. Any amounts in the Rebate Fund in excess of those required to be on deposit therein by the 2012 PFC Series B Indenture and § 148(f) of the Tax Code may be withdrawn therefrom and used for any lawful purpose permitted by the PFC Act and the PFC Regulations. The Rebate Fund will be maintained by the County Treasurer separate and apart from all other County funds and will not be or deemed to be part of the Airport System Fund under the Master Indenture.

Payment of Subordinate PFC Bonds. Third, and subject to the provisions above, or subsequent to the payments required for the Bond Fund and Rebate Fund, as provided in the 2012 PFC Series B Indenture, any moneys remaining in the Income Fund may be used by the County for the payment of Bond Requirements of Subordinate PFC Bonds authorized to be issued in accordance with the 2012 PFC Series B Indenture and any other provisions in the 2012 PFC Series B Indenture supplemental thereto, including reasonable reserves for such securities, as the same accrue, unless and to the extent such use is prohibited by the PFC Act or the PFC Regulations.

Capital Fund. After the payments described above are made, any remaining Pledged PFC Revenues or other amounts in the Income Fund will be transferred to the Capital Fund previously created by the County. The Capital Fund is and will be maintained by the County Treasurer separate and apart from all other County funds, and will not be or be deemed to be part of the Airport System Fund under the Master Indenture. Amounts in the Capital Fund will not be or deemed to be part of the Airport System Fund under the Master Indenture. Amounts in the Capital Fund will be used whenever necessary to make the payments required by the 2012 PFC Series B Indenture into the Bond Fund (and any similar fund established for Parity PFC Bonds). Amounts in the Capital Fund may be used at any time during any Fiscal Year whenever in the Fiscal Year there has been credited to the Bond Fund, the Rebate Fund, and to each other bond fund and reserve fund, if any, for the payment of any Parity PFC Bonds, all amounts required to be deposited in those special accounts for the Fiscal Year, as described above, for any one or any combination of lawful purposes relating to the PFC Projects, or otherwise, as the County may from time to time determine, and as permitted by the PFC Act and the PFC Regulations. Unencumbered amounts in the Capital Fund will be transferred by the County to the reserve fund for any other securities payable from Pledged PFC Revenues, to replace moneys previously transferred to such reserve fund from the Master Indenture. Notwithstanding the foregoing, amounts in the Capital Fund will not be used or encumbered for any purpose other than the payment of debt service on the 2012B PFC Bonds or other securities payable from Pledged PFC Revenues or such transfers to any such debt service reserve fund, to the extent that the remaining amount of Passenger Facility Charge revenues that may be imposed by the County pursuant to the PFC Regulations is less than the aggregate debt service payable on the Parity PFC Bonds and any other such securities.

Subordinate Lien Pledge of Airport Revenues

Subordinate Lien Pledge. In addition to the lien on Pledged PFC Revenues, the 2012B PFC Bonds are Subordinate Lien Bonds secured by and are payable from the Net Revenues of the Airport System subordinate and junior to the lien thereon of the outstanding Senior Bonds and any other Senior Bonds hereafter outstanding. Such subordinate lien on the Net Revenues is also on a parity with the lien thereon of the outstanding Parity PFC Bonds and the lien thereon of approximately \$2,007,725,000 Subordinate Lien Bonds, consisting of the Series 2004A Bonds (the "Series 2004A Bonds"), the Series 2006A Bonds (the

“Series 2006A Bonds”), the Series 2007A Bonds the “Series 2007A Bonds”), the Series 2008A Bonds (the “Series 2008A Bonds”), the Series 2008B Bonds (the “Series 2008B Bonds”) the Series 2008C Bonds (the “Series 2008C Bonds”), the Series 2008D Bonds (the “Series 2008D Bonds”), the Series 2009C Bonds (the “Series 2009C Bonds”), the Series 2010B Bonds (the “Series 2010B Bonds”) and the Series 2011B Bonds (the “Series 2011B Bonds”), plus amounts payable by the County pursuant to certain interest rate swap agreements described below, and any other additional Subordinate Lien Bonds hereafter issued. See the caption “FINANCIAL FACTORS—Outstanding Airport Indebtedness” for a description of the Senior Bonds and Subordinate Lien Bonds currently outstanding.

Set forth below are the current outstanding principal amounts of Subordinate Lien Bonds and the final maturity of each series of Subordinate Lien Bonds, including the 2012B PFC Bonds and excluding the 1998 PFC Bonds.

CLARK COUNTY, NEVADA, DEPARTMENT OF AVIATION
Second Lien Subordinate Securities

<i>Name of Bonds</i>	<i>Principal Amount Outstanding⁽¹⁾</i>	<i>Final Maturity (July 1)</i>
2004A Bonds	\$ 302,730,000 ⁽²⁾	2036
2006A Bonds	32,585,000	2040
2007A Bonds	206,625,000	2040
2008A Bonds	50,000,000	2022
2008B Bonds	50,000,000	2022
2008C Bonds	265,900,000	2040
2008D Bonds	381,390,000	2040
2009C Bonds	168,495,000	2026
2010B Bonds	350,000,000	2042
2011B Bonds	<u>200,000,000</u>	2022
Subtotal	\$2,007,725,000	
2002A PFC Bonds	5,645,000	2013
2007A PFC Bonds	217,680,000	2027
2008A PFC Bonds	100,345,000	2018
2010A PFC Bonds	450,000,000	2042
2010F PFC Bonds	190,065,000	2022
2012B PFC Bonds	<u>64,360,000</u>	2033
Subtotal	\$1,028,095,000	
Total	<u>\$ 3,053,150,000</u>	

⁽¹⁾ As of May 1, 2012. Excludes 1998 PFC Bonds, which are being refunded from proceeds of 2012 PFC Bonds.

⁽²⁾ Excludes principal on certain 2004A Bonds which is projected to be paid from moneys which have been set aside by the Airport in a revocable escrow fund.

Source: Clark County Department of Aviation.

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Set forth below are the outstanding principal amounts of Senior Bonds and the final maturity of each series of Senior Bonds.

CLARK COUNTY, NEVADA, DEPARTMENT OF AVIATION
Senior Bonds

<i>Name of Bonds</i>	<i>Principal Amount Outstanding⁽¹⁾</i>	<i>Final Maturity (July 1)</i>
1993A Bonds	\$ 34,400,000	2012
2005A Bonds	69,590,000	2040
2008E Bonds	42,750,000	2017
2009B Bonds	300,000,000	2042
2010C Bonds	454,280,000	2045
2010D Bonds	<u>132,485,000</u>	2024
Total	\$ 1,033,505,000	

⁽¹⁾ As of May 1, 2012. The 1993A Bonds mature on July 1, 2012.
Source: Clark County Department of Aviation.

Rate Maintenance Covenant. Pursuant to the Master Indenture the County must at all times fix, charge, and collect rentals, rates, fees, and other charges for the use of the Airport System, and must revise such as may be necessary or appropriate, in order that in each Fiscal Year the Gross Revenues, together with any Other Available Funds, will at all times be at least sufficient to provide for the payment of Operation and Maintenance Expenses for such Fiscal Year, and to provide for the larger of either: (1) the amounts needed for making the required cash deposits in such Fiscal Year to the credit of the Bond Fund, the Debt Service Reserve Fund, the Subordinate Securities Fund, the Working Capital and Contingency Reserve Fund and the Capital Fund, in each case established under the Master Indenture; or (2) an amount not less than 125% of the Aggregate Debt Service Requirements for the Comparable Bond Year for the Senior Bonds then outstanding.

Issuance of Additional Senior Bonds

General. The Master Indenture permits, and in instances where the County has covenanted to complete a project requires, the County to issue additional Senior Bonds payable from the Net Revenues of the Airport System on a parity with the Senior Bonds (the “Parity Securities,” defined by the Master Indenture include “Senior Completion Bonds,” “Senior Additional Bonds” and “Senior Refunding Bonds” all as described below) for the following purposes:

- (1) paying the Cost of completing the Project or any Additional Project (hereinafter defined) for which any Series of Parity Senior Securities has been issued (see the caption “—Senior Completion Bonds” below);
- (2) paying the Cost of any additions, betterments, extensions, other improvements or equipment of or related to the Airport System (an “Additional Project”) (see the caption “—Senior Additional Bonds” below); and
- (3) refunding all outstanding Senior Bonds or Parity Senior Securities of one or more Series, or one or more outstanding Senior Bonds or Parity Senior Securities of one or more Series, or one or more maturities within a Series, or refunding any Subordinate Securities (see the caption “—Senior Refunding Bonds” below).

In connection with the issuance of additional Series of Parity Senior Securities, the “Cost” of any Project or Additional Project includes, among other items, the costs of surveys or other plans or specifications, builder’s insurance, consultant’s fees, construction contingencies, property acquisition costs, the costs of

issuance of such Series of Parity Senior Securities, capitalized interest to a date not exceeding one year following the estimated completion date of the Project and the funding of reserves for the payment of the Series of Parity Securities.

Senior Completion Bonds. The County may issue one or more Series of Parity Senior Bonds or other Parity Senior Securities (“Senior Completion Bonds”) to pay the cost of completing the Project or any Additional Project.

Prior to the issuance of any Series of Completion Bonds the County is required to have delivered to the Trustee, among other documents:

A. A certificate of the Consulting Engineer approved by the Director stating that the Project or Additional Project (as the case may be) has not materially changed (except as permitted in the Master Indenture) from the description of the Project in the Report of the Consulting Engineer or from the description of the Additional Project as described in any Series Indenture relating to the Series of Additional Parity Senior Securities issued to finance the Additional Project, and setting forth the aggregate Cost of the Project which, in the opinion of the signer, has been or will be incurred and cannot be paid from the moneys available at the date of the certificate in the account within the Construction Fund applicable to the Project; and stating that, in the opinion of the signers, issuance of the Senior Completion Bonds is necessary to provide funds for completion of the Project; and

B. A certificate of the Director stating that the previous Series of Parity Senior Securities issued in connection with the Project for which the Senior Completion Bonds are being issued were issued to pay all or the balance of the Costs of such Project.

Senior Additional Bonds. The County may issue one or more series of Parity Senior Bonds or other Parity Senior Securities (“Senior Additional Bonds”) for the purpose of paying the Cost of any Additional Project if, among other conditions, the County has delivered to the Trustee, among other documents:

A. A certificate of the Director or Assistant Director stating that the Net Revenues, together with Other Available Funds received: (i) in the last audited Fiscal Year preceding the delivery of the Series of Senior Additional Bonds; or (ii) for any period of 12 consecutive calendar months out of the 18 calendar months next preceding the delivery of the Series of Senior Additional Bonds, were at least sufficient to pay an amount equal to the larger of either: (a) the amounts needed for making the required cash deposits in such period to the credit of the several accounts in the Bond Fund and to the credit of the Debt Service Reserve Fund, the Subordinate Securities Fund, the Working Capital and Contingency Reserve Fund and the Capital Fund (such required deposits to the Bond Fund and Subordinate Securities Fund to be adjusted for Parity and Subordinate Guaranteed Obligations, respectively, in the manner described under the caption “—Rate Maintenance Covenant”); or (b) 125% of the Aggregate Debt Service Requirements as computed for the Bond Year in which such sum is the largest (calculated for the period beginning on the date of issuance of the proposed Senior Additional Bonds and ending on the final maturity date of the then Outstanding Senior Bonds and the proposed Senior Additional Bonds) of the Outstanding Senior Bonds and the Senior Additional Bonds; or

B. A certificate of the Airport Management Consultant setting forth, for each of the Fiscal Years following the earlier of: (i) the Fiscal Year in which the Consulting Engineer estimates that such Additional Project will be completed; or (ii) the last Fiscal Year in which there are no Debt Service Requirements for such Senior Additional Bonds, through the Fiscal Year which is five years after the Fiscal Year in which the Consulting Engineer estimates such Additional Project will be completed, estimates of (a) the Gross Revenues; and (b) the Operation and Maintenance Expenses and other amounts required to be deposited in each of the accounts and subaccounts established under the Master Indenture and each Series Indenture supplemental thereto, and demonstrating that the Net Revenues in each such Fiscal Year will at least equal the larger of either: (1) the amounts needed for making the required deposits to the credit of the several

subaccounts (other than the Redemption Account) in the Bond Fund, the Debt Service Reserve Fund, the Subordinate Securities Fund, the Working Capital and Contingency Reserve Fund and the Capital Fund (such required deposits to the Bond Fund and Subordinate Securities Fund to be adjusted for any Parity Guaranteed Obligations and Subordinate Guaranteed Obligations, respectively, in the manner described under the caption “—Rate Maintenance Covenant”); or (2) an amount not less than 125% of the Aggregate Debt Service Requirements for the Senior Bonds and Parity Securities of each Series then outstanding for the Comparable Bond Year for each such Fiscal Year, in each case after giving effect to, among other factors, the completion of all or a completed portion of the Additional Project, the increase in rates, fees, rentals or other charges (or any combination thereof) under the Rate Maintenance Covenant as a result of the completion of such Additional Project or such portion thereof, and the Debt Service Requirements on the Series of Senior Additional Bonds then to be issued and the Debt Service Requirements, as estimated by the Financial Consultant, with respect to future Series of Senior Additional Bonds which the Director and the Assistant Director estimate (based on the estimate of the Consulting Engineer of the Cost of such Additional Project) will be required to complete payment of the Cost of such Additional Project; and

C. If the test described in paragraph (B) is used in connection with the issuance of Senior Additional Bonds, a certificate of the Consulting Engineer setting forth: (i) the estimated date of completion of the Additional Project for which such Series of Senior Additional Bonds is being issued and for any other uncompleted Project for which the Senior Additional Bonds are not being issued; and (ii) an estimate of the Cost of such Additional Project and of any other uncompleted Project; and

D. A certificate of the Director and Assistant Director that at the time of the execution and delivery of the supplemental instrument authorizing the Senior Additional Bonds as provided in the Master Indenture, the Issuer is not in default in making any payments required by the Master Indenture.

Senior Refunding Bonds. Prior to the issuance of any Series of Parity Senior Securities (“Senior Refunding Bonds”) to refund one or more Series of Senior Bonds or Parity Senior Securities or one or more Senior Bonds or Parity Senior Securities within a Series, or one or more maturities of a Series of Senior Bonds or any Series of Parity Senior Securities, other than for redeeming at their maturity the Term Bonds or Term Securities of a Series which mature within one year of such refunding, the County will deliver to the Trustee, among other documents, either of the following: (i) a certificate of the Treasurer setting forth: (1) the Aggregate Debt Service Requirements for the then current and each future Bond Year to and including the Bond Year ending on the date of the latest maturity of any Series of Senior Bonds or Parity Senior Securities of any Series then outstanding: (a) with respect to the Series of Senior Bonds and Parity Senior Securities of all Series outstanding immediately prior to the date of delivery of such Senior Refunding Bonds; and (b) with respect to the Series of Senior Bonds and Parity Senior Securities to be outstanding immediately thereafter; and (2) that the Aggregate Debt Service Requirements set forth for each Bond Year pursuant to (b) above is no greater than that set forth for such Bond Year pursuant to clause (a) above; or (ii) the certificates required by clauses A through D under the caption “—Senior Additional Bonds” above evidencing that such Series of Senior Refunding Bonds meets the tests provided for all purposes of such certificate and tests applied as if such series of Senior Refunding Bonds was a Series of Senior Additional Bonds. Senior Refunding Bonds of each series issued to refund Subordinate Securities may be delivered in a principal amount sufficient, together with other moneys available therefor (including investment income thereon), to accomplish such refunding provided that the County delivers, among other documents, the certificates required by clauses A through D under the caption “—Senior Additional Bonds” above if the Subordinate Securities were originally issued to fund an Additional Project or the certificates required by clauses A and B under the caption “—Senior Completion Bonds” above if such Subordinate Securities were originally issued to fund completion of a Project, such certificates to be prepared as if such Series of Senior Refunding Bonds was a Series of Senior Additional Bonds or Senior Completion Bonds, as the case may be.

Additional PFC Securities

Parity PFC Securities. The 2012 PFC Series B Indenture, subject to the limitations stated therein, permits the issuance by the County of additional Parity PFC Bonds payable from Pledged PFC Revenues (including investment earnings thereon for all purposes under this caption) and constituting a lien thereon on a parity with, but not prior nor superior to, the lien thereon of the Parity PFC Bonds. Prior to the issuance of any such additional Parity PFC Bonds (excluding any refunding Parity PFC Bonds other than any Parity PFC Bonds which refund bonds payable from Pledged PFC Revenues subordinate to the Parity PFC Bonds, as permitted as described below) the County is required to file the following with the Trustee:

Absence of Default. A certification of the Director or Assistant Director that at the date of the issuance of the additional Parity PFC Bonds: (i) the County is not in default in making any payments required by the 2012 PFC Series B Indenture with respect to the 2012B PFC Bonds or any other Parity PFC Bonds; and (ii) if the Bond Requirements of such additional Parity PFC Bonds are secured by a subordinate pledge of the Net Revenues of the Airport System, the County is in compliance with the rate maintenance covenant in the Master Indenture; and

Earnings Test. (1) A certification of the Director or Assistant Director that: (a) the Pledged PFC Revenues (adjusted as described below) received: (i) in the most recent Fiscal Year preceding the date of the issuance of the additional Parity PFC Bonds for which audited financial statements are available; or (ii) for any period of 12 consecutive calendar months out of the 18 calendar months next preceding the date of issuance of the additional Parity PFC Bonds, were at least sufficient to pay an amount equal to 135% of the average annual principal and interest requirements (calculated for the period beginning on the date of issuance of the proposed Parity PFC Bonds and ending on the final maturity date of the then Outstanding 2012B PFC Bonds, any other Outstanding Parity PFC Bonds and the proposed Parity PFC Bonds) of the Outstanding 2012B PFC Bonds, any other Outstanding Parity PFC Bonds and the Parity PFC Bonds proposed to be issued (excluding the reserves therefor); and (b) the aggregate approved Pledged PFC Revenues to be received after the issuance of the additional Parity PFC Bonds plus the amount of Pledged PFC Revenues then held in the Bond Fund (and any similar fund for Outstanding Parity PFC Bonds) and the unencumbered balance in the Capital Fund exceeds the aggregate unpaid Bond Requirements of the 2012B PFC Bonds, any other Outstanding Parity PFC Bonds and the Parity PFC Bonds proposed to be issued, accrued and unaccrued to maturity, but less any such Bond Requirements which were capitalized from the proceeds of any Parity PFC Bonds; or

(2) A certification of the Director or Assistant Director setting forth: (a) the Net Revenues and any Other Available Funds for; and (b) the Pledged PFC Revenues (adjusted as provided below) received in: (i) the most recent Fiscal Year preceding the date of the issuance of such additional Securities for which audited financial statements are available; or (ii) any period of 12 consecutive calendar months out of the 18 calendar months next preceding the date of the issuance of such additional Securities and demonstrating:

(x) that such Net Revenues and Other Available Funds at least equal 110% of the maximum amount of Bond Requirements payable in any Bond Year (occurring from the date of calculation through the final maturity of the 2012B PFC Bonds) of the then outstanding Subordinate Lien Bonds, the Outstanding 2012B PFC Bonds, any additional Subordinate Lien Bonds to be issued having a lien on the Net Revenues on a parity with the lien thereon of the 2012B PFC Bonds which are not secured by and expected to be paid from Pledged PFC Revenues, and any other Outstanding Subordinate Lien Bonds having a lien on the Net Revenues on a parity with the lien thereon of the 2012B PFC Bonds (provided that the Bond Requirements of the Outstanding 2012B PFC Bonds or other Outstanding Subordinate Lien Bonds need not be taken into account in the foregoing calculation to the extent that Net Revenues and any Other Available Funds were not used in the most recent Fiscal Year to pay the Bond Requirements of the Outstanding 2012B PFC Bonds or other Outstanding Subordinate Lien Bonds), and

(y) that the sum of such Net Revenues and Other Available Funds plus such Pledged PFC Revenues at least equals 135% of the maximum amount of Bond Requirements payable in any Bond Year (occurring from the date of calculation through the final maturity of the 2012B PFC Bonds) of the then outstanding Senior Bonds, the Outstanding 2012B PFC Bonds, any other Outstanding Parity PFC Bonds which are Subordinate Lien Bonds and any additional Parity PFC Bonds to be issued which are Subordinate Lien Bonds; or

(3) A certification of the Airport Management Consultant setting forth: (a) the Pledged PFC Revenues (adjusted as provided below) received: (i) in the most recent Fiscal Year preceding the date of issuance of such additional Securities for which audited financial statements are available; or (ii) for any 12 consecutive calendar months out of the 18 calendar months next preceding the date of issuance of the additional Securities; and (b) for each of the five Fiscal Years following the date of issuance of the additional Securities (or, if interest is capitalized on such securities, following the last Fiscal Year for which any of such interest is capitalized), estimates of the Net Revenues and Other Available Funds, and concluding that for each such Fiscal Year:

(x) the estimated Net Revenues and Other Available Funds for that Fiscal Year at least equal 110% of the Aggregate Debt Service Requirements or the Bond Requirements, as the case may be, to be accumulated in the Fiscal Year and expended in the Comparable Bond Year for the then outstanding Senior Bonds, the Outstanding 2012B PFC Bonds, any additional Subordinate Lien Bonds to be issued having a lien on the Net Revenues on a parity with the lien thereon of the 2012B PFC Bonds which are not secured by and expected to be paid from Pledged PFC Revenues, and any other Outstanding Subordinate Lien Bonds having a lien on the Net Revenues on a parity with the lien thereon of the 2012B PFC Bonds (provided that the Bond Requirements of the Outstanding 2012B PFC Bonds or other Outstanding Subordinate Lien Bonds need not be taken into account in the foregoing calculation to the extent that Net Revenues and any Other Available Funds were not used in the most recent Fiscal Year to pay the Bond Requirements of the Outstanding 2012B PFC Bonds or other Outstanding Subordinate Lien Bonds), after giving effect, among other factors, to the increase in rates, fees, rentals or other charges (or any combination thereof) under the rate maintenance covenant in the Master Indenture; and

(y) the sum of such Pledged PFC Revenues plus the estimated Net Revenues and Other Available Funds for that Fiscal Year at least equals 135% of the Aggregate Debt Service Requirements or the Bond Requirements, as the case may be, to be accumulated in the Fiscal Year and expended in the Comparable Bond Year for the then outstanding Senior Bonds, the Outstanding 2012B PFC Bonds, any other Outstanding Parity PFC Bonds which are Subordinate Lien Bonds and any additional Parity PFC Bonds to be issued which are Subordinate Lien Bonds, after giving effect, among other factors, to the increase in rates, fees, rentals or other charges (or any combination thereof) under the rate maintenance covenant in the Master Indenture.

Paragraphs (2) or (3) of this earnings test may be used only if the additional Parity PFC Bonds to be issued are additionally secured by a subordinate pledge of the Net Revenues of the Airport System. In the computation of any earnings test under paragraph (1), (2) or (3) above as to whether or not additional Parity PFC Bonds may be issued, the amount of the Pledged PFC Revenues for the computation period will be decreased and may be increased by the amount of any loss or gain conservatively estimated by the Director or Assistant Director, which loss or gain results from any change in the rate of the levy of Passenger Facility Charges constituting a part of the Pledged PFC Revenues which change took effect during the computation period or thereafter prior to the issuance of such Parity PFC Bonds, as if such modified rate has been in effect during the entire computation period.

Subordinate PFC Bonds. The 2012 PFC Series B Indenture permits the County to issue additional bonds or other additional securities payable from PFC Revenues having a lien thereon subordinate, inferior and junior to the lien thereon of the 2012B PFC Bonds; provided, that no additional bonds or other additional

securities payable from PFC Revenues and having a lien thereon prior and superior to a lien thereon of the 2012B PFC Bonds are permitted. There are currently no subordinate PFC Bonds outstanding.

Refunding PFC Bonds. The County may refund any Outstanding 2012B PFC Bonds or other Outstanding securities payable from and constituting a lien upon any Pledged PFC Revenues, subject to the following requirements:

Requirements Not Increased: A certificate of the Treasurer setting forth: (i) the Bond Requirements (defined below) of the refunding bonds proposed to be issued for each Bond Year while the 2012B PFC Bonds are Outstanding; and (ii) the Bond Requirements of the securities refunded by the proposed refunding bonds for each of those Bond Years, and showing that for each of those Bond Years the Bond Requirements described in clause (i) are not greater than the Bond Requirements described in clause (ii), and the lien of any refunding bonds or other refunding securities Pledged PFC Revenues is not raised to a higher priority than the lien thereon of the bonds or other securities thereby refunded.

Bond Requirements means the principal of, any prior redemption premiums due in connection with, and the interest on the 2012B PFC Bonds, the 2002 PFC Bonds, the 2007 PFC Bonds, the 2008 PFC Bonds, the 2010A PFC Bonds, the 2010F PFC Bonds and any additional bonds or other additional securities payable from PFC Revenues and later issued, and, as applicable, other Second Lien Subordinate Securities, or such part of such securities or such other securities relating to the Airport as may be designated, as such principal, premiums and interest become due at maturity or on a redemption date designated in a mandatory redemption schedule, in a notice of prior redemption, or otherwise, but if any such bonds or other securities (including the 2012B PFC Bonds) bear or are to bear interest at a variable rate of interest, then except as may be provided with respect to an interest rate swap agreement, the interest rate used in the foregoing determination will be the Bond Buyer Revenue Bond Index. In calculating the Bond Requirements, the principal amount of bonds or other securities (including the 2012B PFC Bonds) required to be redeemed prior to maturity pursuant to a mandatory redemption schedule contained in the instrument authorizing the issuance of such bonds or other securities will be treated as maturing in the Bond Year in which such securities are so required to be redeemed, rather than in the Bond Year in which the stated maturity of such bonds or other securities occurs.

Subordinate Lien: The lien on any Pledged PFC Revenues for the payment of the refunding securities is subordinate to each such lien for the payment of any securities not refunded.

Default and Earnings Test: The refunding bonds or other refunding securities are issued in compliance with the provisions set forth above under the caption “—Additional PFC Securities—Parity PFC Securities.”

Limited Liability

Notwithstanding anything contained in the 2012 PFC Series B Indenture, the County is not required to advance any moneys derived from any source of income other than the Pledged PFC Revenues and Net Revenues of the Airport System available for deposit in the Subordinate Securities Fund after payment of the Senior Bonds and the other funds provided in the 2012 PFC Series B Indenture for the payment of debt service on the 2012B PFC Bonds or for the performance of any agreements or covenants required to be performed by it contained in the 2012 PFC Series B Indenture.

THE OBLIGATION OF THE COUNTY TO PAY DEBT SERVICE ON THE 2012B PFC BONDS DOES NOT CONSTITUTE AN OBLIGATION OF THE COUNTY FOR WHICH THE COUNTY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE 2012B PFC BONDS DO NOT CONSTITUTE A DEBT OF THE COUNTY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR

STATUTORY PROVISION OR LIMITATION, OR A PLEDGE OF THE FULL FAITH, CREDIT AND TAXING POWER OF THE COUNTY.

The 2012B PFC Bonds are not secured by, and the 2012B PFC Bond Owners have no security interest in or mortgage on, the PFC Projects, the Airport System or any other real property of the County. Default by the County will not result in loss of the PFC Projects, the Airport System or any other real property of the County. Should the County default, the Trustee may proceed, and if the owner or owners of not less than 10% in principal amount of the 2012B PFC Bonds and any Parity PFC Bonds then Outstanding so request, then the Trustee will proceed, against the County and its agents, officers and employees to protect and to enforce the rights of any owner of 2012B PFC Bonds and Parity PFC Bonds under the 2012 PFC Series B Indenture by mandamus or by other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained in the 2012 PFC Series B Indenture or in an award of execution of any power granted in the 2012 PFC Series B Indenture for the enforcement of any proper, legal or equitable remedy as the Trustee or the owner or owners may deem most effectual to protect and to enforce the rights aforesaid, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of any owner of any 2012B PFC Bonds or any Parity PFC Bonds, or to require the County to act as if it were the trustee of an express trust, or any combination of such remedies. All privileges at law or in equity shall be instituted, had and maintained for the equal benefit of all owners of the 2012B PFC Bonds and any Parity PFC Bonds then Outstanding. See Appendix C—“DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE 2012 PFC SERIES B INDENTURE.”

PASSENGER FACILITY CHARGE

Imposition of Passenger Facility Charge by County

The Administrator of the FAA initially granted the County approval to impose and use a Passenger Facility Charge (“PFC”) of \$3.00 per qualifying enplaned passenger at the Airport in 1992, up to a total amount of \$944,028,500 (the “Initial Imposition Approval”). The Initial Imposition Approval has been modified from time to time up to and including a modification in 2008 (the “Imposition Approvals”). As of January 15, 2010, the County had authority to impose a PFC of \$4.50 per qualifying enplaned passenger (inclusive of the \$3.00 PFC charge) until the earlier of October 1, 2059 or the date on which the total PFC Revenues collected plus interest thereon equals \$4,563,146,058. Airlines serving the airport collect a \$4.50 Passenger Facility Charge per qualifying enplaned passenger and remit such collections to the Airport. As of March 31, 2012, the County has collected \$1,118,093,580 total PFC Revenues for the Airport including interest earnings thereon. Pursuant to the Federal Act, the County may, without consultation with the airlines or public comment, but with the approval of the Administrator, institute an increase in the total approved PFC Revenues of (a) 25 percent or less of the original approved amount for a specific PFC project if the original approved amount was more than \$1,000,000 or (b) any amount if the original approved amount for a specific PFC project was less than \$1,000,000 and the amended approved amount of the project remains below \$1,000,000.

Termination of Authority to Impose a Passenger Facility Charge

The Administrator may terminate the County’s authority to impose the Passenger Facility Charge: (1) if the Administrator determines that the County is in violation of certain provisions of the Airport Noise and Capacity Act of 1990 relating to noise and access restrictions; (2) if the Administrator determines that the Passenger Facility Charge revenue is excessive or cannot determine that such revenue is being used for approved projects in accordance with the Imposition and Use Approval or with the Federal Act; (3) if project implementation does not commence within the time period specified in the Federal Act; or (4) if the County is otherwise in violation of the Federal Act. If any approval in connection with the County’s authority to use the Passenger Facility Charge for a specific project is withdrawn or terminated, the FAA could terminate the County’s authority to use the Passenger Facility Charge for that project.

The FAA termination provisions provide a variety of procedural safeguards, including an informal resolution procedure before commencement of proceedings to terminate the County's authority to impose a Passenger Facility Charge, which the FAA will commence only if the FAA determines that informal resolution is not successful. In addition, termination proceedings include a period of time to allow the County to correct any defect the FAA has identified or to attempt to work out a compromise with the FAA that will allow the Passenger Facility Charge revenue stream to continue uninterrupted. The County's authority to impose a Passenger Facility Charge and use Passenger Facility Charge revenues will continue for at least 130 days from the commencement of the informal resolution procedures.

The regulations under the Airport Noise and Capacity Act also contain significant procedural safeguards to ensure that the County's authority to impose a Passenger Facility Charge would not be summarily terminated. Most significantly, the County can under any circumstance prevent termination of its Passenger Facility Charge authority by suspending the effectiveness of any noise or access restriction in question, until the legal sufficiency of the restriction, and its impact on the County's Passenger Facility Charge authority, has been determined.

If the Administrator determines that revenue derived from a Passenger Facility Charge is excessive or is not being used in accordance with the Federal Act, the Administrator may set off such amounts as may be necessary to ensure compliance with the Federal Act against federal grants otherwise payable to the County under the Airport and Airway Improvement Act of 1982. See the caption "SECURITY FOR THE 2012B PFC BONDS—Covenant to Comply with the Federal Act" for a description of the covenant by the County to comply with the Federal Act.

Insufficiency of Passenger Facility Charge Revenues and Availability of Net Revenues of the Airport System

In the event that Pledged PFC Revenues received by the County are less than the amount needed to pay debt service on the Parity PFC Bonds, principal of and interest on the Parity PFC Bonds would be payable: first, from non-pledged PFC Revenues; and second, from Net Revenues of the Airport System deposited in the Subordinate Securities Fund. In addition, in the event that the County is prohibited from charging the Passenger Facility Charge for any reason, principal of and interest on the Parity PFC Bonds would be payable from and secured solely by a pledge of and lien on Net Revenues of the Airport System deposited in the Subordinate Securities Fund. See the caption "SECURITY FOR THE 2012B PFC BONDS—Subordinate Lien Pledge of Airport Revenues" and Appendix C—"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE 2012 PFC SERIES B INDENTURE—Definitions" and "Revenue Bond Ordinance" for a description of the Net Revenues of the Airport System available for deposit in the Subordinate Securities Fund.

FINANCIAL FACTORS

Financial Statements

A copy of the most recent audited financial statements of the Clark County, Nevada, Department of Aviation (the "Department") audited by Kafoury, Armstrong & Co., Las Vegas, Nevada (the "Auditor") is included as Appendix B to this Official Statement (the "Financial Statements"). The Auditor's letter concludes that the Financial Statements present fairly, in all material respects, the financial position of the Department as of June 30, 2011 and 2010, and the changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The summary operating results for Fiscal Years 2011 and 2010 contained under the caption "—Historical Operating Results and Projected Future Operating Results" are derived from these financial statements (excluding certain non-cash items and after certain other adjustments) and are qualified in their entirety by reference to such statements, including the notes thereto.

Historical Operating Results and Projected Future Operating Results

Set forth below is a statement of historical revenues and expenses for the Department as well as debt service coverage as calculated in accordance with the provisions of the Master Indenture for Fiscal Year 2011 compared to Fiscal Years 2010 and 2009. Fiscal Year 2011, 2010 and 2009 information presented below has been excerpted from the Financial Statements. In each case certain non-cash items have been excluded and certain other adjustments have been made. Also set forth below are estimates of projected future operating results for Fiscal Years ending June 30, 2012 and 2013, in each case prepared by Airport management. Estimates for Fiscal Year 2012 reflect costs related to the expected opening of Terminal 3 in June 2012 and estimates for Fiscal Year 2013 reflect full operation of Terminal 3. Because the Series 2010E-2 Notes are expected to be paid from proceeds of the Series 2012A Notes as described under the caption “—Outstanding Airport Indebtedness—Third Lien Subordinate Securities,” and because the Series 2011A Notes and the Series 2012A Notes are expected to be paid at maturity from Airport reserves or from the proceeds of additional Subordinate Securities, no debt service for the Series 2010E-2 Notes, the Series 2011A Notes or the Series 2012A Notes is included in the projected operating results set forth below.

The estimates for Fiscal Years 2013 and 2014 are subject to uncertainties, including but not limited to the opening of Terminal 3 and resulting changes in operation at the Airport, and, inevitably, some assumptions used to develop the estimates will not be realized and unanticipated events and circumstances will occur. Therefore, the actual results achieved during the estimate period will vary, and the variations may be material. The table set forth below has not been audited by the Auditor.

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CLARK COUNTY, NEVADA, DEPARTMENT OF AVIATION
Statement of Historical and Projected Revenues and Expenses⁽¹⁾
(Dollars in Thousands)

	<i>Projected Results</i> <i>Fiscal Years Ending June 30,</i>			<i>Historical Results</i> <i>Fiscal Years Ended June 30,</i>	
	<i>2014</i>	<i>2013</i>	<i>2012</i>	<i>2011⁽²⁾</i>	<i>2010⁽²⁾</i>
Operating Revenues:					
Landing fees	\$ 58,018	\$ 56,909 ⁽¹²⁾	\$ 41,057 ⁽¹⁴⁾	\$ 57,655	\$ 51,722
Other aircraft fees	7,052	7,000	6,982	5,725	5,222
Building rentals	187,431	185,186 ⁽¹³⁾	76,929 ⁽¹⁵⁾	100,741 ⁽¹⁶⁾	89,945
Gate use fees	24,669	24,443	19,117	22,170	16,924
Land rentals	16,931	16,741	16,672	16,361	16,702
Ground transportation fees	14,234	13,982	13,212	13,340	12,698
Rental car fees	31,740	31,180	30,566	27,206	25,098
Rental car facility rents	34,721	34,185	35,122	32,206	30,825
Gaming	28,780	28,272	27,038	25,908	25,659
Terminal concession fees	60,185	59,226	55,821	52,984	51,896
Parking fees	30,770	30,544	28,452	28,298	26,593
Net revenue from reliever airports	8,621	8,499	8,212	7,374	7,284
Miscellaneous	1,620	1,608	1,558	2,586	1,883
Total Operating Revenues:	\$ 504,772	\$ 497,775	\$ 360,738	\$ 392,554	\$ 362,451
Operating Expenses:					
Salaries, wages and benefits	\$ 120,892	\$ 118,267	\$ 109,831	\$ 111,186	\$ 109,214
Repairs and maintenance	23,755	23,239	20,605	22,118	22,789
Professional services	56,201	54,981	51,001	49,203	56,464
Utilities and communications	28,542	27,922	24,602	20,199	21,072
Miscellaneous	18,510	18,108	16,916	14,647 ⁽¹⁷⁾	18,155
Total Operating Expenses:	\$ 247,900	\$ 242,517	\$ 222,955	\$ 217,353	\$ 227,694
Net Operating Revenues	\$ 256,872	\$ 255,258	\$ 137,783	\$ 175,201	\$ 134,757
Allowable interest income	5,243	5,150	4,139	5,410 ⁽¹⁸⁾	6,223
Net Revenues	\$ 262,114	\$ 260,408	\$ 141,922	\$ 180,611	\$ 140,980
Other Available Funds for purposes of Senior Securities debt service ⁽³⁾	13,123	13,259	8,489	15,799	15,169
Other Available Funds for purposes of Second Lien Subordinate Securities debt service ⁽⁴⁾	27,492	28,195	12,434	21,221	21,586
Total debt service for Senior Securities outstanding ⁽⁵⁾	\$ 52,490	\$ 53,034	\$ 33,956	\$ 63,194	\$ 60,674
Coverage Ratio for Senior Securities Based on Net Revenues ⁽⁶⁾	4.99	4.91	4.18	2.86	2.32
Coverage Ratio for Senior Securities Based on Total Funds Available pursuant to the Rate Maintenance Covenant Under the Master Indenture (Required covenant is 1.25)	5.24	5.16	4.43	3.11	2.57
Debt Service on Second Lien Subordinate Securities ⁽⁷⁾⁽⁸⁾	\$ 143,696	\$ 149,364	\$ 39,452	\$ 57,407	\$ 47,949
Coverage Ratio for Second Lien Subordinate Securities Based on Total Funds Available After Payment of Senior Securities ⁽⁶⁾⁽⁷⁾⁽⁸⁾	1.65	1.58	3.05	2.42	2.13
Coverage Ratio for Senior and Second Lien Subordinate Securities Based on Total Funds Available (Required covenant is 1.10)	1.48	1.43	2.10	1.67	1.50
PFC Revenues ⁽⁹⁾	\$ 82,854	\$ 81,139	\$ 80,025	\$ 77,949	\$ 77,309
PFC Related Interest Income	1,036	1,014	986	1,048	4,496
Total PFC Revenues Available for Debt Service	\$ 83,890	\$ 82,153	\$ 81,011	\$ 78,997	\$ 81,805
Debt Service on PFC Pledged Bonds ⁽¹⁰⁾	\$ 76,850	\$ 76,635	\$ 76,615	\$ 78,997	\$ 65,582
Debt Service on Second Lien Subordinate Securities Paid from PFC Revenues	7,040	5,518	4,396	-(19)	16,223
Total Debt Service Paid from PFC Revenues	\$ 83,890	\$ 82,153	\$ 81,011	\$ 78,997	\$ 81,805
Coverage Ratio for PFC Pledged Bonds Based Solely on PFC Revenues ⁽⁶⁾⁽⁹⁾	1.09	1.07	1.06	1.00	1.25
Debt Service on Third Lien Subordinate Securities ⁽¹¹⁾	\$ 0	\$ 0	\$ 1,754	\$ 1,432	\$ 477

⁽¹⁾ Totals may not add due to independent rounding.

⁽²⁾ From the Airport's audited financial statements for Fiscal Years 2011 and 2010.

- (3) Under the Master Indenture, “Other Available Funds” is defined to mean, for any Fiscal Year, the smallest amount of unencumbered funds at any time in the Fiscal Year on deposit in the Capital Fund in excess of the Minimum Capital Reserve; but in no event will such amount exceed 25% of the Aggregate Debt Service Requirements for the Senior Securities then Outstanding for the Comparable Bond Year.
- (4) Under the bond ordinances authorizing the Second Lien Subordinate Securities, “Other Available Funds” is defined to mean, for any Fiscal Year, the smallest amount of unencumbered funds at any time in the Fiscal Year on deposit in the Capital Fund in excess of the Minimum Capital Reserve; but in no event will such amount exceed the sum of: (i) 25% of the Aggregate Debt Service Requirements for the Parity Bonds then Outstanding for the Comparable Bond Year; and (ii) 10% of the Aggregate Debt Service Requirements of the Second Lien Subordinate Securities then Outstanding for the Comparable Bond Year.
- (5) See the caption “—Outstanding Airport Indebtedness” for debt service on Senior Securities. Interest on the 2009B Bonds, 2010C Bonds and 2010D Bonds capitalized through Fiscal Year 2012. Fiscal Year 2013 excludes final debt service payment on the 1993A Bonds, which are expected to be paid off in full on July 1, 2012 from moneys held in a reserve fund maintained in connection with the 1993A Bonds.
- (6) For illustrative purposes only; not required under financing documents.
- (7) Excludes Debt Service on certain 2004A-1 Bonds which is projected to be paid from moneys which have been set aside by the Airport in a revocable escrow fund. Excludes Debt Service on certain 2004A-1 Bonds, 2004A-2 Bonds and 2008C Bonds, which were paid from PFC Revenues in Fiscal Year 2010 and Debt Service on a portion of certain 2004A-1 Bonds which are expected to be paid from PFC Revenues in Fiscal Years 2012 through 2014.
- (8) Debt service on the 2004A-1 Bonds and 2004A-2 Bonds is net of capitalized interest. For the synthetically fixed bonds, interest is calculated based on the respective swap agreements. Interest on \$34,400,000 of principal amount of Second Lien Subordinate Securities is calculated at 6.69% per the 1993 Swap Agreement, interest on \$59,873,321 of principal amount of Second Lien Subordinate Securities is calculated at 1.02% until July 2010 and -1.47% thereafter per the 2005A Swap Agreement, interest on \$50,850,000 of principal amount of Second Lien Subordinate Securities is calculated at 1.37% until July 2010 and -0.60% thereafter per the 2005B Swap Agreement, interest on \$215,150,000 of principal amount of Second Lien Subordinate Securities is calculated at 4.0% until July 2015 and 3.0% thereafter per the 2005C Swap Agreements, interest on \$58,920,000 of principal amount of Second Lien Subordinate Securities is calculated at 5.0% until July 2015 and 1.21% thereafter per the 2005E Swap Agreements, interest on \$139,735,000 of principal amount of Second Lien Subordinate Securities is calculated at 0.87% until July 2015 and -0.86% thereafter per the 2005D Swap Agreements, interest on \$300,000,000 of principal amount of Second Lien Subordinate Securities is calculated at 4.00% until July 2015 and 2.27% thereafter per the 2005D Swap Agreements, interest on \$200,000,000 of principal amount of Second Lien Subordinate Securities is calculated at 4.31% until July 2017 and 0.25% thereafter per the 2008 Swap Agreements and interest on \$350,000,000 of principal amount of Second Lien Subordinate Securities is calculated at 6.0% until July 2017 and 1.46% thereafter per the 2009 Swap Agreements. Swap agreements listed above do not necessarily correspond to the named series of bonds. Excludes net payments in connection with the termination of the variable to fixed swaps related to the 2005B Swap Agreement and the 2005C Swap Agreements. See the caption “—Interest Rate Swap Agreements.” Debt Service on 2008A Bonds and 2008B Bonds net of capitalized interest. Interest on the 2009C Bonds, 2010B Bonds, 2010C Bonds and 2010D Bonds capitalized through Fiscal Year 2012.
- (9) Revenue derived from \$4.50-per-qualifying-enplaned-passenger Facility Charge is pledged to the payment on the PFC Bonds.
- (10) Debt Service on PFC Bonds paid from PFC Revenues (funds other than Net Revenues); net of capitalized interest; includes interest income. Interest rate on the 2005 PFC Bonds is 4.47% based on the fixed rate under the 2005A Swap Agreement (as such term is defined under the caption “—Interest Rate Swap Agreements”). The associated variable to fixed swap of the 2005A Swap Agreement was terminated on April 6, 2010. Excludes net payments in connection with the termination of the variable to fixed swaps related to the 2005A Swap Agreement. Assumes that certain 2004A-1 Bonds are paid from moneys which have been set aside by the Airport in a revocable escrow fund rather than from Net Revenues of the Airport System. Assumes that portions of the 2004A-1 Bonds and 2004A-2 Bonds will be paid from PFC Revenues rather than from Net Revenues of the Airport System, as described in Footnote 6 above. Interest on the 2010F-2 PFC Bonds calculated at 1.14%.
- (11) Reflects debt service on 2003C Jet A Bonds net of Jet A Fuel Tax revenues. An increase in the Jet A Fuel Tax by \$0.01 per gallon has been approved beginning in Fiscal Year 2013. The revenues from such increase are available to pay, and have been projected to be used to pay, debt service on the 2003C Jet A Bonds. See the caption “—Historical Jet A Fuel Tax Revenues.”
- (12) Landing fees are projected to increase in Fiscal Year 2013 as a result of the opening of Terminal 3. See the caption “THE AIRPORT SYSTEM—Description of Existing Airport Facilities and Current Construction—Terminal 3 at McCarran International Airport.”
- (13) Building rental proceeds are projected to increase in Fiscal Year 2013 as a result of the opening of Terminal 3. See the caption “THE AIRPORT SYSTEM—Description of Existing Airport Facilities and Current Construction—Terminal 3 at McCarran International Airport.”
- (14) In accordance with the Airline Agreements, landing fees had been applied to pay debt service on the 1993A Bonds, the final maturity of which is July 1, 2012. The Airport reduced landing fees in Fiscal Year 2012, reflecting the payment of debt service on the 1993A Bonds from a reserve fund established in connection with the 1993A Bonds. See the caption “THE AIRPORT SYSTEM—Airline Agreements; Rates and Charges.”
- (15) In accordance with the Airline Agreements, building rental proceeds had been applied to pay debt service on the 1993A Bonds, the final maturity of which is July 1, 2012. The Airport reduced landing fees in Fiscal Year 2012, reflecting the payment of debt service on the 1993A Bonds from a reserve fund established in connection with the 1993A Bonds. See the caption “THE AIRPORT SYSTEM—Airline Agreements; Rates and Charges.”
- (16) Reflects the nature of the Airport’s Airline Agreements where rates change as expenses increase or decrease on an annual basis. See the caption “THE AIRPORT SYSTEM—Airline Agreements; Rates and Charges.”
- (17) Includes expenses for materials and supplies, insurance and administration which were each reduced approximately 19% as a result of the Airport’s cost containment strategy.
- (18) Decrease in allowable interest income from Fiscal Year 2010 to Fiscal Year 2011 reflects the Airport’s use of bond proceeds on the construction of Terminal 3. A projected increase is expected for Fiscal Year 2012.
- (19) Excludes prepayment of approximately \$6,260,000 of debt service on 2010F-2 PFC Bonds from Airport reserves and certain other moneys.
- Source: Clark County Department of Aviation.

Management Discussion of Operating Results and Projections

Landing fee rates, terminal building rental rates, and airport gate use fees are established each Fiscal Year based on the approved Airport System operating budget in accordance with the Airline Agreements. See the caption “THE AIRPORT SYSTEM—Airline Agreements; Rates and Charges.” These rates are reviewed and adjusted, if necessary, throughout each Fiscal Year to ensure that the rate covenants are being met. At the end of each fiscal year, as part of the residual cost recovery nature of the airline cost center rate making methodology, the Airport recalculates the rates based on actual audited expenses and revenues and, if additional rents or credits are due, the airlines receive or pay additional amounts due within 30 days.

The budgeted airline rates and charges for Fiscal Year 2012 were calculated as follows: the landing fee rate is \$2.53 per thousand pounds of aircraft landed weight, the terminal building rental rate is \$123.29 per square foot, and the gate use fee is \$245,784 per leased gate per year. The budgeted airlines rates and charges for Fiscal Year 2013 are estimated as follows: the landing fee rate is \$2.32 per thousand pounds of aircraft landed weight, the terminal building rental rate is \$168.08 per square foot, and the gate use fee is \$238,097 per leased gate per year. The proceeds of the significant increase in the terminal building rental rate in Fiscal Year 2013 will be applied to cover increases in the Airport’s operating and debt service costs associated with the opening of Terminal 3. See the caption “THE AIRPORT SYSTEM—Description of Existing Airport Facilities and Current Construction—Terminal 3 at McCarran International Airport.”

Airline cost per enplaned passenger was \$7.54 for Fiscal Year 2010 and \$8.50 for Fiscal Year 2011. The Airport estimates that the cost per enplaned passenger for Fiscal Years 2012, 2013, 2014, 2015 and 2016 will be \$8.60, \$12.06, \$11.91, \$11.65 and \$11.67, respectively. See the caption “THE AIRPORT—Airline Agreements; Rates and Charges.” The Airport calculation of airline cost per enplaned passenger includes substantially all costs of facilities utilized by airlines at the Airport. As a result, comparisons of the Airport’s cost per enplaned passenger with those of other airports in which such airports pay only a portion of such costs may not be comparable.

Historical PFC Revenues

Set forth below is a summary of historical Passenger Facility Charge collections by the County since Fiscal Year 2007. The information set forth below has been excerpted from the Financial Statements. The table below has not been audited by the Auditor.

CLARK COUNTY, NEVADA, DEPARTMENT OF AVIATION Historical Passenger Facility Charge Collections

<i>Fiscal Year Ended June 30</i>	<i>Passenger Facility Charge Collections⁽¹⁾</i>
2007 ⁽²⁾⁽³⁾	\$ 89,358,373
2008	79,475,144
2009 ⁽⁴⁾	75,335,495
2010	77,309,045
2011	77,948,536
<i>Estimated</i>	
2012	\$ 80,025,000
2013	81,139,000

⁽¹⁾ Excludes interest earnings.

⁽²⁾ As of September 1, 2006, the Passenger Facility Charge decreased from \$4.50 to \$3.00 per qualifying enplaned passenger.

⁽³⁾ As of January 1, 2007, the Passenger Facility Charge increased from \$3.00 to \$4.00 per qualifying enplaned passenger.

⁽⁴⁾ As of September 1, 2008, the Passenger Facility Charge increased from \$4.00 to \$4.50 per qualifying enplaned passenger.

Source: Clark County Department of Aviation.

The decline in Passenger Facility Charge collections in Fiscal Year 2008 was due to a decline in enplaned passengers at the Airport. Passenger traffic for Fiscal Year 2009 was down by 11.8% over Fiscal Year 2008 levels; however, with the increase in the collection amount from \$4.00 to \$4.50 on September 1, 2008, Passenger Facility Charge collections decreased only 5.2% from Fiscal Year 2008 levels. While passenger traffic in Fiscal Year 2010 declined by 3.8%, Passenger Facility Charge collections increased because enplanements on which Passenger Facility Charges are collected increased. In Fiscal Year 2011, Passenger Facility Charge collections increased by 0.8%, reflecting the increased number of enplaned passengers. See the caption “THE AIRPORT SYSTEM—Airport Operations—Historical Passenger Traffic and Airport Operations.” The Airport currently projects that passenger traffic will increase by approximately 3.8% in Fiscal Year 2012 compared to Fiscal Year 2011 and increase by approximately 2.1% in Fiscal Year 2013 compared to Fiscal Year 2012. The Airport expects Passenger Facility Charges to increase during Fiscal Years 2012 and 2013 by approximately 2.7% and 1.4%, respectively, as a result of such projected increases in passenger traffic.

Historical Jet A Fuel Tax Revenues

Set forth below is a summary of historical Jet A Fuel Tax collections by the County for the past five Fiscal Years and projected amounts for Fiscal Years 2012 and 2013. Projected Jet A Fuel Tax collections for Fiscal Year 2013 reflect the implementation of a \$0.01 per gallon increase in the Jet A Fuel Tax for jet or turbine-powered aircraft effective July 1, 2012. A public hearing with respect to such increase was held on May 1, 2012 before the Board of County Commissioners, at which time the increase was unanimously approved. Proceeds of the increased Jet A Fuel Tax are available to pay the principal of and interest on the 2003C Jet A Bonds. Airport staff expects to recommend to the Board of County Commissioners, prior to the end of calendar year 2012, that the increase in the Jet A Fuel Tax be formally pledged to pay the principal of and interest on the 2003A Jet A Bonds in accordance with the series indenture pursuant to which the 2003C Jet A Bonds were issued.

The historical information set forth below has been excerpted from the Financial Statements. The table below has not been audited by the Auditor.

CLARK COUNTY, NEVADA, DEPARTMENT OF AVIATION Historical Jet A Fuel Tax Collections

<i>Fiscal Year Ended June 30</i>	<i>Jet A Fuel Tax Collections</i>	<i>2003C Jet A Bonds Debt Service</i>
2007	\$ 9,310,000	\$ 7,225,025
2008	9,498,354	7,581,525
2009	8,387,958	7,955,775
2010	7,798,884	8,345,775 ⁽¹⁾
2011	7,317,856	8,749,525 ⁽¹⁾
<i>Estimated</i>		
2012	\$ 7,395,000	9,175,025 ⁽¹⁾
2013	11,171,000	9,609,775

⁽¹⁾ Debt service on 2003C Jet A Bonds that was not paid from Jet A Fuel Taxes was paid or is projected to be paid from Net Revenues. See the caption “—Historical Operating Results and Projected Future Operating Results.”
Source: Clark County Department of Aviation.

The decline in Jet A Fuel Tax collections in Fiscal Years 2009 to 2011 was due to a decrease in demand for fuel as airlines attempted to reduce costs by eliminating flights. The projected increase in Jet A Fuel Tax collections in Fiscal Year 2012 reflects increased demand for fuel as aircraft operations improved in Fiscal Years 2011 and 2012. Jet A Fuel Tax collections are influenced by total airline fuel flow at the Airport, which is in turn influenced by individual airline policies.

Outstanding Airport Indebtedness

Set forth below is a discussion of outstanding Airport indebtedness, including Senior Lien Bonds, Second Lien Subordinate Securities, Third Lien Obligations, PFC Bonds and general obligation bonds relating to the Airport.

Senior Lien Bonds. As of May 1, 2012, the County has outstanding \$1,033,505,000 principal amount of 1993A Bonds, 2005A Bonds, 2008E Bonds, 2009B Bonds, 2010C Bonds and 2010D Bonds, which, together with the 1993 Interest Rate Swap Agreement entered into with respect to the 1993A Bonds, are the only Senior Lien Obligations currently outstanding. The 1993A Bonds mature on July 1, 2012.

Second Lien Subordinate Securities. As of May 1, 2012, the County had outstanding \$2,007,725,000 principal amount of Second Lien Subordinate Securities, excluding the PFC Bonds, which together with certain amounts payable by the County pursuant to certain bank credit and liquidity agreements as well as certain interest rate swap agreements described below, are the only Second Lien Subordinate Securities currently outstanding.

PFC Bonds. As of May 1, 2012, the County had outstanding \$1,045,425,000 principal amount of PFC Bonds, debt service on which is payable from the Airport's PFC revenues, and which are also secured by a lien on Net Revenues of the Airport System on parity with the Second Lien Subordinate Securities.

Third Lien Subordinate Securities. As of May 1, 2012, the County had outstanding \$389,405,000 aggregate principal amount of Clark County, Nevada Jet Aviation Fuel Tax Revenue Bonds (Additionally Secured by Pledged Airport System Revenues) Series 2003C (AMT) (the "2003C Jet A Bonds"), Clark County, Nevada, Airport System Junior Subordinate Lien Revenue Notes, Series 2010E-2 (the "Series 2010E-2 Notes") and Clark County, Nevada Airport System Junior Subordinate Lien Revenue Notes, Series 2011A (AMT) (the "Series 2011A Notes"), which along with certain obligations under certain bank credit and liquidity agreements, were the only Third Lien Subordinate Securities outstanding. The County expects to apply a portion of the proceeds of the Clark County, Nevada, Airport System Junior Subordinate Lien Revenue Notes, Series 2012A-1 (AMT) and Series 2012A-2 (Non-AMT) (collectively, the "Series 2012A Notes"), which are expected to be issued on or about July 2, 2012, to refund approximately \$180,000,000 principal amount of the Series 2010E-2 Notes currently outstanding in the aggregate principal amount of \$200,000,000, and to pay the remaining \$20,000,000 principal amount of the Series 2010E-2 Notes from Airport reserves. The Series 2011A Notes are expected to be paid from Airport reserves upon their maturity on June 19, 2012. Upon refunding and payment of the Series 2010E-2 Notes and payment of the Series 2011A Notes, the Series 2012A Notes, which are expected to be issued in the aggregate principal amount of \$300,000,000, and the 2003C Jet A Bonds, which are currently outstanding in the aggregate principal amount of \$89,405,000, will be the only Third Lien Subordinate Securities outstanding.

General Obligation Bonds. As of January 1, 2012, the County had outstanding \$37,000,000 aggregate principal amount of Clark County, Nevada General Obligation (Limited Tax) (Additionally Secured by Pledged Airport System Revenues) Airport Bonds, Series 2003B Bonds (the "2003B Bonds") and \$43,105,000 aggregate principal amount of Clark County, Nevada General Obligation (Limited Tax) (Additionally Secured by Pledged Airport System Revenues) Airport Bonds, Series 2008A (the "2008A GO Bonds"), which are payable from Net Revenues subordinate to the payment of the Third Lien Subordinate Securities.

Credit or Liquidity Facilities

General. In connection with the issuance of certain Second Lien Subordinate Securities, the County has arranged for standby bond purchase facilities or irrevocable direct-pay letters of credit (the "Credit or Liquidity Facilities") to be entered into or issued, as applicable.

If a Credit or Liquidity Facility expires and the County is unable to secure replacement credit or liquidity facilities, the related Second Lien Subordinate Securities will be subject to mandatory tender for purchase by the holders thereof upon such expiration. In addition, the related Credit or Liquidity Facility will be drawn upon to pay the purchase price of such tendered Second Lien Subordinate Securities. See the caption “—Renewal of Credit or Liquidity Facilities” below.

In connection with such Credit or Liquidity Facilities, the County has entered into certain agreements with the banks providing such Credit or Liquidity Facilities. Under such agreements, the County is generally required to reimburse the related bank for any amounts paid by such bank under the related Credit or Liquidity Facility on the same day such amount is paid. Amounts owed to each bank bear interest at a specified rate. The County is also required to pay certain fees to the banks, including establishment, facility, drawing and transfer fees, in addition to the banks’ costs, expenses and certain taxes.

In the event that there is a drawing on any Credit or Liquidity Facility to purchase any related Second Lien Subordinate Securities which are tendered for purchase by the holders thereof, the agreements generally provide that the related bank become the holder of such obligations (“Bank Bonds”). In addition, the County is required to repay such Bank Bonds over a period that is less than the remaining term to maturity of the related Second Lien Subordinate Securities (generally five years or less, and in some circumstances immediately upon the purchase of such obligations by the related bank), at an increased interest rate.

The agreements contain a number of covenants and agreements on the part of the County, and specify events of default (which may include failure of the County to maintain credit ratings at specified levels), and remedies. Remedies of the banks generally include the right to cause a mandatory tender of the related Second Lien Subordinate Securities. The obligations of the County pursuant to the agreements are typically payable subordinate to Second Lien Subordinate Securities of the County.

Renewal of Credit or Liquidity Facilities. As described above, in connection with certain variable rate obligations, the County has obtained Credit or Liquidity Facilities which expire prior to the maturity dates of the obligations to which they relate. If the Credit or Liquidity Facilities expire and the County is unable to secure replacement credit or liquidity facilities, the related Second Lien Subordinate Securities will be subject to mandatory tender for purchase by the holders thereof upon such expiration and the related Second Lien Subordinate Securities drawn upon to pay the purchase price of such tendered obligations. In such circumstances, the County is required to repay such tendered obligations over a period that is less than the remaining term to maturity of the related obligations (generally five years or less and in some circumstances immediately upon the purchase of such obligations by the related bank), at an increased interest rate.

Ratings of Issuers of Credit or Liquidity Facilities. From time-to-time rating agencies change the ratings of banks that have issued Credit or Liquidity Facilities. In the event that the rating of a bank that has executed or issued a Credit or Liquidity Facility is reduced, such reduction may result in the related Second Lien Subordinate Securities bearing interest at a higher than projected interest rate or result in the downgrade of the rating of such Second Lien Subordinate Securities, or both.

Both Moody’s and Standard & Poor’s have recently downgraded banks which have executed and issued Credit or Liquidity Facilities securing certain Second Lien Subordinate Securities. Other banks that have issued Credit or Liquidity Facilities securing Second Lien Subordinate Securities are currently undergoing credit reviews by Moody’s and Standard & Poor’s. To date, no downgrade of a bank that executed or issued a Credit or Liquidity Facility has caused a material increase in interest payments on the related Second Lien Subordinate Securities. There can be no assurance that rating reductions or other factors perceived to have an effect on, or to reflect, the credit quality of the banks that have issued Credit or Liquidity Facilities which have occurred or which occur in the future will not result in a material increase in interest payments on the Second Lien Subordinate Securities. See Appendix C under the caption “MASTER INDENTURE—Rate Maintenance Covenant.”

Interest Rate Swap Agreements

The Airport has been an active participant in the interest rate swap market. A brief description of the Airport swap agreements currently outstanding is provided below:

CLARK COUNTY, NEVADA, DEPARTMENT OF AVIATION Interest Rate Swap Agreements as of January 1, 2012⁽¹⁾

<i>Name of Swap</i>	<i>Counterparty</i>	<i>Outstanding Notional Amount</i>	<i>Nature of Swap</i>
1993 Swap Agreement ⁽²⁾	AIG Financial Products Corp.	\$34,400,000	Variable to fixed
2001 Basis Swap Agreement	Citigroup Financial Products Inc.	81,318,339	Variable to variable
2003 Fixed Spread Basis Swap Agreement	Citigroup Financial Products Inc.	135,663,404	Variable to variable
2004 Fixed Spread Basis Swap Agreement	Citigroup Financial Products Inc.	300,000,000	Variable to variable
2005A Swap Agreement ⁽³⁾	Citigroup Financial Products Inc.	59,879,321	Fixed to fixed
2005B Swap Agreement ⁽⁴⁾	Citigroup Financial Products Inc.	50,750,000	Fixed to fixed
2005C Swap Agreements	Citigroup Financial Products Inc., JPMorgan Chase Bank, N.A., UBS AG	215,150,000	Variable to fixed
2005D Swap Agreements ⁽⁵⁾	Citigroup Financial Products Inc., JPMorgan Chase Bank, N.A., UBS AG	199,605,000	Fixed to fixed and variable to fixed
2005E Swap Agreements	Citigroup Financial Products Inc., JPMorgan Chase Bank, N.A., UBS AG	58,920,000	Variable to fixed
2008 Swap Agreements	JPMorgan Chase Bank, N.A., UBS AG	300,000,000	Variable to fixed
2009 Swap Agreements	Citigroup Financial Products Inc.	550,000,000	Variable to fixed
2010 Swap Agreement ⁽⁶⁾	Citigroup Financial Products Inc.	150,000,000	Fixed to fixed
2011 Swap Agreement	Citibank, N.A., UBS AG	275,000,000	Variable to fixed

⁽¹⁾ See note 9 of the Department's Financial Statements in Appendix B—"REPORT OF KAFOURY, ARMSTRONG & CO. AND FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011" for more information with respect to the Airport swap agreements.

⁽²⁾ Terminates on July 1, 2012.

⁽³⁾ The Airport receives 1.47% on the notional amount. Reflects the termination of the associated variable to fixed swap on April 6, 2010.

⁽⁴⁾ The Airport receives 0.60% on the notional amount. Reflects the termination of the associated variable to fixed swap on April 6, 2010.

⁽⁵⁾ The Airport pays 0.873% on the full notional amount until July 1, 2015 and receives 0.86% on the full notional amount thereafter. On April 6, 2010, the Airport terminated \$139,735,000 of the \$199,605,000 variable to fixed swap with Citigroup Financial Products Inc. and continues to pay variable to fixed on \$59,870,000.

⁽⁶⁾ The Airport pays 2.493% on the notional amount until July 1, 2017 and receives 1.594% on the notional amount thereafter.

Source: Clark County Department of Aviation.

Future Interest Rate Swap Agreements. The Airport has been an active participant in the interest rate swap market. The Airport may, from time to time, enter into additional interest rate swap agreements with security and payment provisions as permitted under the Master Indenture, the Series Indenture and other applicable agreements. The Airport terminated certain interest rate swaps in 2010 as discussed under the caption "—Interest Rate Swap Agreements." The Airport is considering the modification or termination of additional interest rate swap agreements previously entered into and described above.

Debt Service Requirements

Parity PFC Bond Debt Service. The following table sets forth the annual debt service requirements for the Parity PFC Bonds, including the 2012B PFC Bonds.

CLARK COUNTY, NEVADA, DEPARTMENT OF AVIATION
Parity PFC Bond Debt Service

<i>Period Ending</i>	<i>2012B PFC Bonds</i>			<i>Parity PFC Bonds⁽²⁾</i>	<i>Total Parity PFC Bonds</i>
<i>July 1⁽¹⁾</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>		
2013	\$ -	\$ 3,209,061	\$ 3,209,061	\$ 75,084,388	\$ 78,293,449
2014	-	3,218,000	3,218,000	75,081,738	78,299,738
2015	-	3,218,000	3,218,000	75,066,038	78,284,038
2016	-	3,218,000	3,218,000	75,074,288	78,292,288
2017	-	3,218,000	3,218,000	75,066,538	78,284,538
2018	-	3,218,000	3,218,000	75,068,350	78,286,350
2019	4,530,000	3,218,000	7,748,000	56,583,688	64,331,688
2020	4,755,000	2,991,500	7,746,500	56,591,950	64,338,450
2021	4,995,000	2,753,750	7,748,750	56,570,575	64,319,325
2022	5,245,000	2,504,000	7,749,000	56,572,325	64,321,325
2023	-	2,241,750	2,241,750	80,360,350	82,602,100
2024	-	2,241,750	2,241,750	54,540,850	56,782,600
2025	5,505,000	2,241,750	7,746,750	58,019,600	65,766,350
2026	-	1,966,500	1,966,500	81,995,350	83,961,850
2027	-	1,966,500	1,966,500	82,001,600	83,968,100
2028	5,780,000	1,966,500	7,746,500	43,028,350	50,774,850
2029	6,070,000	1,677,500	7,747,500	43,027,850	50,775,350
2030	6,375,000	1,374,000	7,749,000	43,031,850	50,780,850
2031	6,695,000	1,055,250	7,750,250	43,027,600	50,777,850
2032	7,030,000	720,500	7,750,500	43,033,606	50,784,106
2033	7,380,000	369,000	7,749,000	43,032,856	50,781,856
2034	-	-	-	43,032,531	43,032,531
2035	-	-	-	43,029,300	43,029,300
2036	-	-	-	43,029,113	43,029,113
2037	-	-	-	43,030,175	43,030,175
2038	-	-	-	43,028,288	43,028,288
2039	-	-	-	43,034,250	43,034,250
2040	-	-	-	43,028,075	43,028,075
2041	-	-	-	43,030,563	43,030,563
2042	-	-	-	43,026,200	43,026,200
TOTAL	\$ 64,360,000	\$ 48,587,311	\$ 112,947,311	\$ 1,679,128,231	\$ 1,792,075,542

⁽¹⁾ Amount shown is for the Fiscal Year ending on the prior June 30 in which principal and interest accrues.

⁽²⁾ Includes scheduled debt service on the 2002A PFC Bonds, 2008A PFC Bonds, 2010A PFC Bonds, 2010F PFC Bonds and 2012B PFC Bonds. Interest on the 2010F-2 PFC Bonds calculated at 3.00%.

Source: Clark County Department of Aviation.

Senior and Subordinate Securities. The following table sets forth the annual debt service requirements for the outstanding Senior Securities, the various issues of Subordinate Securities (other than PFC Bonds) and the various issues of PFC Bonds. The debt service requirements do not reflect payments with respect to interest rate swaps not associated with specific bonds included in the following table.

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CLARK COUNTY, NEVADA, DEPARTMENT OF AVIATION
Debt Service Requirements for Outstanding Senior Securities, Subordinate Securities and PFC Bonds

<i>Period Ending July 1⁽¹⁾</i>	<i>Requirements on Outstanding Senior Securities⁽²⁾</i>	<i>Total Requirements on Subordinate Securities⁽³⁾⁽⁴⁾</i>	<i>Requirements on PFC Bonds⁽⁵⁾</i>	<i>Total</i>
2013	\$ 52,945,488	\$ 155,402,393	\$ 78,293,449	\$ 286,641,330
2014	52,401,238	151,171,568	78,299,738	281,872,544
2015	60,868,488	143,268,443	78,284,038	282,420,969
2016	57,596,988	145,569,561	78,292,288	281,458,837
2017	54,364,488	152,011,823	78,284,538	284,660,849
2018	54,141,488	154,464,386	78,286,350	286,892,224
2019	52,817,988	145,405,996	64,331,688	262,555,672
2020	52,784,388	145,530,536	64,338,450	262,653,374
2021	52,918,798	145,489,729	64,319,325	262,727,852
2022	55,537,048	142,968,753	64,321,325	262,827,126
2023	55,583,398	142,766,509	82,602,100	280,952,007
2024	55,527,148	155,745,488	56,782,600	268,055,236
2025	36,817,448	155,990,619	65,766,350	258,574,417
2026	36,817,448	143,961,882	83,961,850	264,741,180
2027	36,817,448	118,598,407	83,968,100	239,383,955
2028	36,817,448	112,959,358	50,774,850	200,551,656
2029	36,817,448	102,548,684	50,775,350	190,141,482
2030	59,822,448	77,044,848	50,780,850	187,648,146
2031	41,318,515	95,512,936	50,777,850	187,609,301
2032	42,881,177	92,791,410	50,784,106	186,456,693
2033	44,157,885	91,086,525	50,781,856	186,026,266
2034	45,907,806	88,870,751	43,032,531	177,811,088
2035	47,451,566	86,847,416	43,029,300	177,328,282
2036	74,224,083	84,626,195	43,029,113	201,879,391
2037	99,259,835	58,548,425	43,030,175	200,838,435
2038	88,830,433	68,367,243	43,028,288	200,225,964
2039	89,294,322	69,242,243	43,034,250	201,570,815
2040	89,941,682	70,067,980	43,028,075	203,037,737
2041	94,247,638	80,836,975	43,030,563	218,115,176
2042	94,240,759	80,840,588	43,026,200	218,107,547
2043	111,152,296	-	-	111,152,296
2044	111,147,734	-	-	111,147,734
2045	111,148,171	-	-	111,148,171
TOTAL	\$ 2,086,600,536	\$ 3,458,537,670	\$ 1,792,075,542	\$ 7,337,213,748

(1) Totals may not add due to independent rounding. Amount shown is for the Fiscal Year ending on the prior June 30 in which principal and interest accrues.

(2) Debt service on the 2009B Bonds and the 2010C Bonds are included as net of Subsidy Payments made by the United States Treasury pursuant to the American Recovery and Reinvestment Act of 2009.

(3) Exclusive of PFC Bonds, General Obligation Bonds and Jet A Fuel Tax Bonds.

(4) Interest rate on certain Subordinate Securities computed at the related swap rate. See footnote 9 to the chart entitled "Statement of Historical and Projected Future Operating Results" under the caption "—Historical Operating Results and Projected Future Operating Results."

(5) Secured by and payable from a portion of certain passenger facilities charges, and in the event that the portion of such passenger facilities charges is insufficient to pay the debt service requirements of the PFC Bonds, then from a second lien on the Net Revenues. Interest on the 2010F-2 PFC Bonds calculated at 3.00%. See footnote 9 to the chart entitled "Statement of Historical and Projected Future Operating Results" under the caption "—Historical Operating Results and Projected Future Operating Results."

Source: Clark County Department of Aviation.

Future Developments. The County is currently paying a portion of the \$2.4 billion cost of the construction of Terminal 3 described in more detail under the caption "THE AIRPORT SYSTEM—Description of Existing Airport Facilities and Current Construction—McCarran International Airport" from proceeds of certain outstanding Airport revenue bonds. Financing for the Terminal 3 project and other elements of the Airport System's five-year capital improvement plan are substantially complete. Currently, the Airport does not have any major bond funded capital improvements planned beyond such five-year plan. Any

improvements after Terminal 3 is completed are projected by the Airport to be funded from the Airport's Capital Fund, which is funded primarily from discretionary cash.

County Investment Policy

Nevada Revised Statutes § 355.170 sets forth investments in which the County Treasurer may invest taxes and other County monies, which currently include United States Treasury notes, bonds and bills, certain federal agency securities, bankers acceptances, commercial paper, money market mutual funds, certificates of deposit of local banks, corporate securities, collateralized mortgage obligations, and repurchase agreements ("Authorized Investments for Counties"). Under the current investment policy approved by the Board of County Commissioners (the "Investment Policy"), the County Treasurer is required to invest all County monies in accordance with the Investment Policy. Under the Investment Policy, the County Treasurer may invest such moneys in investments described therein, which include certain State Authorized Investments (the "County Authorized Investments"). Certain other restrictions are contained in the Investment Policy, including limitations on maturities of certain County Authorized Investments and ratings qualifications on certain categories of investments.

A large portion of the money held by the County Treasurer for investment is invested through the Treasurer's general pooled investment fund (the "County Pool"). Unexpected withdrawals could force the sale of some investments prior to maturity and lead to realization of losses. Such unexpected withdrawals are considered highly unlikely by the County Treasurer. The current Investment Policy allocates gains on securities in the County Pool on a pro rata basis and the County Treasurer reports that any losses would be allocated on the same basis.

Factors Affecting Airport Operations and Revenues

Future traffic at the Airport is sensitive to a variety of factors including: (1) the growth in the population and economy in the Airport service area; (2) national and international economic conditions; (3) airline economics and air fares; (4) the availability and price of aviation fuel; (5) airline service and route networks; (6) the capacity of the air traffic control system; (7) the capacity of the Airport/Airways system; (8) accessibility of and traffic to the Airport; and (9) the development of new or expansion of existing airports. Slow or negative traffic growth in many areas, increased competition among air carriers, consolidation and mergers among airlines, increased fuel, labor, equipment and other costs, and increases in the requirements for and the cost of debt capital have combined from time to time to reduce profits materially or to cause losses for the airlines, sometimes leading to bankruptcy or reorganization. For a discussion of the merger between Continental Airlines and United Airlines and the announced merger between Southwest Airlines and Air Tran Airways, see the caption "THE AIRPORT SYSTEM—Airport Operations—Airlines Serving the Airport." A recurrence of these factors could lead to further bankruptcy filings, liquidations or major restructuring by other airlines as well. Under such circumstances, an airline, or a trustee in bankruptcy, would have the right to reject any airline agreements which are in place.

Most of the major airlines carriers (or their respective parent corporations) are subject to the informational requirements of the Securities and Exchange Act of 1934 and in accordance therewith file reports and other information with the Securities and Exchange Commission (the "SEC"). Certain information, including financial information, as of particular dates concerning several of the airlines carriers (or their respective parent corporations), is disclosed in certain reports and statements filed with the SEC. Such reports and statements can be inspected at the Public Reference Room of the SEC at 450 Fifth Street N.W., Washington, D.C. 20549, and copies of such reports and statements can be obtained from the SEC at prescribed rates. In addition, each scheduled airline is required to file periodic reports containing certain financial and operating statistics with the Department of Transportation. Such reports can be inspected at the following location: Office of Aviation Information Management, Data Requirements and Public Reports Division, Research and Special Programs Administration, Department of Transportation, 400 7th Street S.W.,

Washington, D.C. 20590, and copies of such reports can be obtained from the Department of Transportation at prescribed rates.

THE AIRPORT SYSTEM

Description of Existing Airport Facilities and Current Construction

The County owns and operates an Airport System that includes McCarran International Airport as well as four general aviation airports, North Las Vegas Air Terminal, Henderson Executive Airport, Jean Airport and Overton Airport.

McCarran International Airport. The Airport, which occupies approximately 2,800 acres of land, serves Las Vegas and the surrounding communities of southern Nevada, as well as segments of California, Utah, and Arizona. It is located six miles south of downtown Las Vegas and one mile from the Las Vegas “Strip,” the center of the Las Vegas gambling and entertainment industry.

In 1979, the County adopted a Master Plan for ongoing Airport expansion and development (the “Master Plan”). The County continually reviews and updates the Master Plan. The County has made significant improvements to the Airport pursuant to the Master Plan. A major expansion of the terminal structure, an automated transit system, a satellite terminal building, remodeling of the existing terminal structure, a crash/fire/rescue building, and a major expansion of the roadway system and supporting facilities were completed by 1987. Construction of a new parallel east-west runway and associated air field improvements, land acquisition for future expansion and noise compatibility, and various other terminal and property improvement projects at the Airport, as well as improvements to the North Las Vegas Air Terminal, were completed by 1992. Construction of roadway improvements and certain projects for which the Federal Aviation Administration has granted the County approval to impose and use a passenger facility charge were completed by 1994. Construction of an approximately 6,000-space parking garage adjacent to the previously existing Airport parking garage, roadway modifications, Concourse D, an automated transit system connecting Concourse D to the main terminal, runway improvements, improvements to the international terminal and the west rotunda of the Airport, expansion of baggage handling facilities, and land acquisition were completed by 1998. On April 15, 2005, the County completed the construction of the third wing of the Concourse D, which resulted in a net increase of ten gates. In April 2007, the consolidated rental car facility was opened to the public. Installation of an in-line baggage screening facility to meet new security requirements was completed in Fiscal Year 2007. During Fiscal Year 2009, a number of major capital improvements were completed, including the construction of the fourth and final wing of Concourse D, which added 8 gates, the repaving of Runway 7R/25L and Taxiway A, a new security checkpoint to Concourse C, a new pedestrian walkway from Concourse C to Concourses A and B and a complete remodel of the baggage claim areas.

Main Terminal Building at McCarran International Airport. The terminal building contains approximately 2,951,000 square feet of space, consisting of a seven-story structure, including ticketing and baggage claim lobbies, a bridge and rotunda, central concession area (e.g., restaurants, shops, restrooms, and other passenger amenities), two pier concourses (Concourses A and B), two satellite concourses (Concourses C and D), served by an automated transit system, and public and employee parking.

The ground level of the central terminal includes an inbound baggage handling system, selected building service functions, and a special entrance facility for tour group buses. The ground level of the concourses provides space for airline operations and ramp equipment storage.

The esplanade level of the terminal provides space for concession areas and other public facilities. The four building levels above the esplanade level provide covered employee parking spaces for approximately 1,550 automobiles, accessible from an elevated roadway and two helical ramps, as well as office space occupied by the Department of Aviation.

Concourses A and B extend outward from the rotunda to provide aircraft parking positions and accompanying passenger boarding areas. Each concourse branches to provide access to two cluster buildings, which are used for aircraft parking and boarding. There are a total of 33 aircraft gates in Concourses A and B.

Concourse C consists of approximately 265,530 square feet of concession area, holdrooms, and public circulation facilities and provides 18 aircraft gates and related support space.

Concourse D currently consists of approximately 880,062 square feet of concession area, holdrooms and public circulation facilities and provides 45 aircraft gates and related support space.

Terminal 2 at McCarran International Airport. Terminal 2, which is an eight-gate, two-level charter/international facility of approximately 200,000 square feet, opened in December 1991. All operations at Terminal 2 will be transferred to Terminal 3 upon the opening of Terminal 3 and the Airport will decommission Terminal 2 in June 2012. The Airport's plans for the future of this building or the space have not been determined.

Terminal 3 at McCarran International Airport. The new \$2.4 billion Terminal 3 project will add additional ticketing, baggage claim and international facilities to the Airport System. The Department has spent approximately \$2.3 billion on Terminal 3 as of March 31, 2012. As of March 31, 2012, the Terminal 3 project is 97% complete and is projected to be completed on schedule in June 2012 and within budget.

The terminal building will contain approximately 2,000,000 square feet of space, consisting of a two-story structure, including ticketing and baggage claim lobbies, a bridge and rotunda, a central concession area (e.g., restaurants, shops, restrooms, and other passenger amenities) served by an automated transit system connecting with the Concourse D gates, and public and employee parking.

The ground level terminal will include an inbound baggage handling system and selected building service functions. The ground level will also provides space for airline operations and ramp equipment storage and services for U.S. Customs and Border Protection for all international inbound passengers. Employee parking will be accessible at this level along with 600 economy parking spaces.

The first level terminal will provide covered parking spaces for approximately 6,000 automobiles, accessible from an elevated roadway and one helical ramp. The parking structure will include approximately 2,000,000 square feet, consists of eight levels and is connected to the terminal building through three pedestrian bridges.

The second level terminal will provide space for concession areas, passenger drop-off, ticketing, gate access and other public facilities. The terminal will include 14 aircraft gates and related support space. The opening of the gates, ticketing, and baggage claim facilities is to be in two phases. The first phase, consisting of seven international gates, is expected to open in late June 2012. The second phase, consisting of the remaining seven domestic gates, will operate domestic flights and is expected to open in late July 2012.

Other Facilities at McCarran International Airport. Other landside facilities at the Airport include an air cargo facility, general aviation and small aircraft sightseeing operations, the Airport traffic control tower and flight standards district office, an aircraft rescue and firefighting station, a central heating and cooling plant, Airport maintenance and engineering buildings, and a fuel storage tank area. Ground vehicular areas consist of Airport drives and roadways, public parking lots, taxi staging area, charter bus plaza, and a rental car service and storage area. Ground vehicular areas consist of Airport drives and roadways, public parking lots, taxi staging area, and charter bus plaza.

Runways. There are four runways at the Airport: (1) Runway 7L 25R is 14,505 feet long and 150 feet wide and is the primary air carrier aircraft departure runway; (2) Runway 7R 25L is 10,525 feet long and 150 feet wide and is used primarily for air carrier aircraft arrivals; (3) Runway 1R 19L is 9,770 feet long and

150 feet wide and is used primarily for air carrier arrivals and departures; and (4) Runway 1L 19R is 9,770 feet long and 150 feet wide and is used primarily for air carrier arrivals and departures. Other airside facilities consist of related taxiways and apron parking areas. The four air carrier runways are capable of accommodating the largest widebody aircraft currently in service.

North Las Vegas Air Airport. In October 1987, the County acquired the North Las Vegas Airport. The North Las Vegas Airport is within the corporate limits of the City of North Las Vegas on a 930-acre site about 5 miles northwest of downtown Las Vegas. The airfield has three active runways. An approximately 25,500 square-foot terminal and administration building was dedicated in March 1992. In Fiscal Year 2011, approximately 600 aircraft were based at the North Las Vegas Air Terminal, and 137,508 aircraft operations were performed.

Henderson Executive Airport. In March 1996, the County acquired Henderson Executive Airport. Henderson Executive Airport is within the corporate limits of the City of Henderson on an approximately 570-acre site near the edge of the Henderson city limits. The airfield has two active runways, the longest of which is 6,500 feet and capable of accommodating most corporate aircraft. In Fiscal Year 2011, approximately 309 aircraft were based at the Henderson Executive Airport, and 85,035 aircraft operations were performed. In June 2006, the Airport opened a new 24,000 square foot terminal complex at Henderson, a new stand-alone air traffic control tower and 95 new private hangars. In addition, a privately-funded office/hangar complex was completed in 2011 and additional third-party projects are currently under construction.

Jean Airport. Jean Airport is a general aviation airport in Jean, Nevada, approximately 30 miles south of Las Vegas between Las Vegas and the California/Nevada state line. Jean Airport serves mostly gliders and single-engine aircraft, with glider operations predominant. The airport occupies approximately 280 acres and consists of two parallel paved runways, 2L-20R and 2R-20L. 2L-20R is 4,600 feet long and 75 feet wide and is used primarily for training and powered aircraft operations. Runway 2R-20L is 3,700 feet long and 60 feet wide and is mainly used for gliders and ultralights. Paved aircraft parking facilities for approximately 40 aircrafts are located on the west side of the airport in front of the 6,000 square foot terminal building. There is also a self-service fueling facility providing both Jet-A and 100LL fuel on the south side of the parking apron.

Overton Airport. Overton Airport is a general aviation airport in Overton, Nevada, approximately 70 miles northeast of Las Vegas at the northern end of Lake Mead. The airport serves primarily single-engine general aviation aircraft for personal, recreational, and business uses. The approximately 275-acre airport has one active asphalt surface runway, which is 4,800 feet long by 75 feet wide; tiedown spaces and 15 hangers that can accommodate approximately 50 aircrafts; two shade hangars accommodating one aircraft each; a general services building providing public restrooms, telephone and radio transmission equipment; and fueling facilities.

Service Area

The Airport serves Las Vegas and the surrounding communities of southern Nevada, as well as portions of California, Utah and Arizona. Between Fiscal Years 1980 and 2007, the annual number of airline passengers enplaned at the Airport increased from 5,406,216 to 23,628,484. Enplanements fell to 19,952,800 in Fiscal Year 2010, a decrease of 15.6% from Fiscal Year 2007 enplanements. Enplanements rose to 20,266,091 in Fiscal Year 2011, an increase of 1.6%. See the chart entitled “Historical Airline Traffic” under the caption “—Airline Operations” below. According to Airports Council International, for calendar year 2011, the latest year for which numbers are available, the Airport was the seventh busiest airport in the nation in terms of passenger volume in the United States. Department of Transportation statistics show the Airport as the second largest origin and destination airport market after Los Angeles International.

Airport Management

The Airport is operated as an enterprise fund of the County and is managed by the Department of Aviation of the County under the supervision of the Board of County Commissioners of the County and the County Manager.

Board of County Commissioners

The Board of County Commissioners is the governing body of the County. The seven members are elected from County commission election districts for four-year staggered terms. The Board members also serve as the directors of the Las Vegas Valley Water District, as trustees of the University Medical Center of Southern Nevada, the Clark County Water Reclamation District, the Big Bend Water District, the Kyle Canyon Water District, the Coyote Springs Water Resources General Improvement District, and as members of the Clark County Redevelopment Agency, the Clark County Liquor and Gaming Licensing Board, and the Mount Charleston Fire Protection District.

The Board is also represented on the Regional Transportation Commission of Southern Nevada, Clark County Regional Flood Control District, Debt Management Commission, Las Vegas Metropolitan Police Committee on Fiscal Affairs, Nevada Development Authority, Family and Juvenile Justice Services Policy and Fiscal Affairs Board, Nevada Association of Counties Executive Committee, National Association of Counties Board of Directors, Southern Nevada District Board of Health, Criminal Justice Advisory Commission (formerly known as the Regional Jail Commission), Southern Nevada Regional Planning Coalition (formerly known as the Government Efficiency Committee), Las Vegas Convention and Visitors Authority, Clark County School District Oversight Panel, Southern Nevada Workforce Investment Board, Southern Nevada Water Authority, Airport Hazard Areas Board of Adjustments, Air Pollution Control Hearing Board, Boulder City Library District Board of Trustees, Clark County Advisory Board to Manage Wildlife, Clark County Animal Advisory Committee, Clark County Board of Equalization, Clark County Boat Facilities and Safety Committee, Clark County Business Development Advisory Council, Southern Nevada Regional Planning Commission A-95 Clearinghouse Subcommittee (formerly known as the Clark County Clearinghouse Council), Clark County Parks and Recreation Advisory Council, Clark County Planning Commission, Clark County Senior Advisory Council, Clark County Shooting Park, Combined Board of Building Appeals, Community Development Advisory Committee, Family Services Citizens Advisory Committee, Clean Water Coalition, Henderson Library District Board of Trustees, Jaycee Mobile Home Park Committee, Juvenile Justice/Family Services Citizens Advisory Committee, Las Vegas/Clark County Library District Board of Trustees, Local Emergency Planning Committee, Local Law Enforcement Advisory Board (Justice Assistance Grant), Moapa Valley TV Maintenance District, Nuclear Waste (Yucca Mountain) Advisory Committee, Southern Nevada Enterprise Committee, Southern Nevada Area Communications Council, Ryan White Title I Planning Council, Nevada Test Site Development Corporation, Economic Opportunity Board and Nevada Business Service.

The current members of the Commission and their terms of office are as follows:

<i>Commission Members</i>	<i>Expiration of Term</i>
Susan Brager, Chair	2014
Steve Sisolak, Vice Chair	2013
Larry Brown	2013
Tom Collins	2013
Chris Giunchigliani	2014
Mary Beth Scow	2014
Lawrence Weekly	2013

Administration

The County Manager is the County's chief executive officer and serves at the pleasure of the Board:

Donald B. Burnette, County Manager. Appointed as County Manager for the County on January 3, 2011, Mr. Burnette previously served as the Chief Administrative Officer for the County since July 1, 2002. Prior to becoming Chief Administrative Officer, Mr. Burnette served as Director of the Administrative Services Department from 1999 to 2002, and previously served as Assistant Director of Administrative Services from 1995 to 1999. Mr. Burnette began his employment with Clark County in 1990.

Mr. Burnette has a Bachelor's of Science in Public Administration from Northern Arizona University and a Master's of Public Administration from New Mexico State University.

Department of Aviation

Randall H. Walker, Director of Aviation. Mr. Walker, a native of Henderson, Nevada, was appointed Director of Aviation in May 1997. Prior to his appointment, Mr. Walker served in various governmental positions, including Assistant County Manager for Clark County, Director of the Clark County Department of Finance, Deputy Director of the Clark County Department of Aviation, and the Deputy City Manager for Administrative Services with the City of Las Vegas. Mr. Walker started his local government career as a budget analyst with Clark County in 1979 and served as Business Manager for the Las Vegas Metropolitan Police Department prior to working for the City of Las Vegas. Upon graduation from Brigham Young University, Mr. Walker was employed by Exxon, USA in Houston, Texas. Mr. Walker graduated *magna cum laude* from Brigham Young University in 1977 with a Bachelors degree in accounting. He is the past year's Chairman of Airports Council International-North America and a member of the World Board of Airports Council International.

Rosemary A. Vassiliadis, Deputy Director of Aviation. Ms. Vassiliadis joined the Clark County Department of Aviation as Deputy Director in December 1997. Previously she worked for Clark County as the Director of the Department of Finance and for the City of Las Vegas as the Manager of Finance and Budget. Prior to her government service, Ms. Vassiliadis worked for Zenith International Corporation in the Corporate Accounting Department. Ms. Vassiliadis graduated from DePaul University in Chicago with a Bachelor of Science Degree in Accountancy.

Joseph Piurkowski, Assistant Director of Aviation/Finance. Mr. Piurkowski joined the Clark County Department of Aviation in October 2007 as Audit Supervisor and was promoted to Manager of Fiscal Services and Budget in December 2009. He is currently serving as Assistant Director of Aviation/Finance. Prior to working at the Department, Mr. Piurkowski spent a total of seven years in the public accounting industry, performing a variety of accounting and auditing related services for clientele ranging from locally owned businesses to large publicly traded corporations. He began his professional career as a staff accountant with a small public accounting firm where he earned his Certified Public Accountant designation in September 2002, and was promoted to manager of the firm's accounting and auditing practice. Mr. Piurkowski was most recently employed by the international accounting firm of PricewaterhouseCoopers, LLP where he spent two years in the firm's assurance practice performing, supervising, and reviewing both internal and external audits. Mr. Piurkowski graduated from the University of Nevada, Las Vegas with a bachelor's degree in business administration majoring in accounting.

Employees and Pension Matters

As of March 31, 2012, the Department had approximately 1,330 full time employees and 10 part time employees. Substantially all of the public employees in Nevada, including those of the Department, are covered under the State's Public Employees Retirement System ("PERS"). The County and other participating public employees are not liable for any unfunded liability or other obligations of PERS. The Department's

contribution to PERS for the years ended June 30, 2011, 2010 and 2009 were approximately \$16,000,000, \$16,000,000 and \$15,400,000, respectively.

Other Post-Employment Benefits

General. The County also makes available certain post-retirement health insurance and life insurance benefits (“OPEB”) to employees, including Airport employees, who retire under PERS and elect to receive and pay for these benefits. The OPEB are only available to retirees who are then receiving a pension from PERS (“Retirees”). The current OPEB program covers County employees and Retirees and the employees and Retirees of five other local governments in Southern Nevada: the Las Vegas Convention and Visitors Authority, University Medical Center of Southern Nevada, Regional Transportation Commission of Southern Nevada, Clark County Regional Flood Control District and Clark County Water Reclamation District (collectively, the “Other Agencies”). Legislation enacted during 2007 changed County employee eligibility to join the State-administered Public Employees’ Benefit Program (“PEBP”), described below. Employees who retired on September 1, 2008 and before were eligible to join the PEBP. All other employees who retire after that date will be able to join the County HMO or PPO programs (as such terms are defined under the caption “—Health Insurance”). The discussion below is applicable to the County alone (and not to the Other Agencies).

Health Insurance. Retirees can elect to continue to participate in the health insurance benefits provided to employees. For each Retiree, the premium for this insurance benefit is based on the number of persons covered (i.e., the premium is greater for a Retiree who elects to also have dependents covered). The County offers two types of health insurance, a self-funded preferred provider organization plan (“PPO”) and a health maintenance organization (“HMO”) plan. Retirees can elect to continue coverage under either of these plans on payment of the required premium for themselves and their dependents. The premium payable by the Retiree for the self-funded plan is based on the number of years of service with any of the public entities within the benefit plan, and whether the Retiree (or dependent) receives Medicare insurance benefits. Premiums for the HMO are not dependent on the years of County employment, but vary based upon whether or not the employee receives Medicare insurance benefits.

In lieu of participating in one of the County health insurance plans, Retirees can elect to obtain health care coverage for themselves and their dependants under the PEBP. If a Retiree elects this option, the County is required by Nevada Revised Statutes § 287.023 to pay a statutorily-defined portion of the Retiree’s premium for coverage under PEBP; the balance of the premium must be paid by the Retiree. The County’s portion of the premium is based on the number of years the Retiree was employed by the County; for employment of 20 years or more, the County is required to pay 100% of the premium subsidy. In the 2007 Nevada Legislative Session, Senate Bill 544 (“SB 544”) was adopted, which eliminated the ability of a retiree to receive coverage for health insurance under the PEBP unless the retiree’s last employer was actively participating in the plan. Since the County does not utilize the plan for active employees, the practical effect of SB 544 is that after November 30, 2008, retired County personnel will no longer be eligible to receive health insurance coverage through PEBP. Any members already enrolled in the plan at that date will be grandfathered in and will not be subject to any benefit terminations.

Life Insurance. The life insurance benefit offered to Retirees currently provides a \$20,000 death benefit if the Retiree dies before age 70 and a \$1,000 death benefit if the Retiree dies after that age; Retirees who elect to obtain this benefit must pay a subsidized premium of \$45.60 per year if they are under 70 and a premium of \$2 per year if they are over 70. Spouses of Retirees can also be covered at additional cost to the Retiree; the death benefit paid on the death of the spouse is \$5,000 if the Retiree is under 70 and \$1,000 if the Retiree is 70 or older.

Valuation of the OPEB Program and County Share. The County historically has funded its OPEB on a pay-as-you-go basis, but beginning in Fiscal Year 2008, Governmental Accounting Standards Board Statement No. 45 required that the County begin recording a liability for its share of the OPEB Program unless

it sets aside into an irrevocable trust sufficient monies to fund its “ARC” (as defined below) in each year. The County has discussed the OPEB Program with consulting actuaries who have performed a study to determine the actuarial value of the obligations under the OPEB Program. Results of this study indicated that as of June 30, 2011, the total unfunded actuarial accrued liability (“UAAL”) for the County’s share of the OPEB Program was approximately \$1,366,453,005 and the annual amount required to be paid to amortize this liability over 30 years and to accumulate an appropriate amount for current employees so that UAAL does not increase (the “Annual Required Contribution” or ARC) is approximately \$149,153,790. These valuations are based on several assumptions, including future Retiree contribution rates, a 4% per annum discount rate and a 4% per annum investment rate.

Funding of UAAL. The County uses the Other Postemployment Benefits Reserve internal service fund to allocate OPEB costs to each fund, based on employee count. Each fund incurs a charge for service from the Other Postemployment Benefit Reserve fund for their portion of the annual OPEB cost. As of June 30, 2011, the Other Postemployment Benefits Reserve Fund has \$162,711,002 in cash and investments, and \$79,919,165 is due from other funds that the County intends to use for future OPEB obligations of the County, PEBP, and Fire plans. The total net OPEB obligation of the County, PEBP and Fire Plans is \$223,169,256 as of June 30, 2011. These assets cannot be included in the plan assets considered in OPEB funding schedule because they are not held in trust. The Department is responsible for approximately 6.21% of the County’s UAAL and ARC described above. For Fiscal Years 2010 and 2011, the Airport recorded an expense of \$6.2 million and \$10.1 million, respectively, representing its share of the ARC. See Note 5(b) of the Financial Statements in Appendix B—“REPORT OF KAFOURY, ARMSTRONG & CO. AND FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011” for a further description of the Department’s OPEB liabilities and the funding policy.

Budget Process

The Department’s budget is prepared on the basis of full accrual accounting. As a component unit of the County, the Department budget is prepared by the Director of Aviation and Department staff, and then submitted to the County and incorporated in its budget as one of the County’s enterprise funds. Accordingly, the Department budget is subject to the budgeting requirements of the State of Nevada and the related budget hearings and open public meeting requirements of the County’s budget process. The budget is ultimately approved by the Board of County Commissioners. The Board approved the Department’s operating budget for Fiscal Year 2012 on May 16, 2011.

Department Insurance

The Department maintains comprehensive general liability insurance through a policy purchased from ACE USA with per occurrence limits of \$100,000,000 for airport operations, and casualty insurance through policies purchased from Lexington with a total limit of \$1,500,000,000. In addition, the Department maintains construction liability and builder’s risk insurance for certain capital projects.

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Airport Operations

Historical Passenger Traffic and Airport Operations. Set forth below is a table showing certain airline enplaned passenger and aircraft departure information since 1975. For Fiscal Year 2011, scheduled airlines accounted for 97.4% of total enplanements and charter airlines accounted for approximately 2.6%. The remainder was general aviation.

HISTORICAL AIRLINE TRAFFIC McCarran International Airport

<i>Fiscal Year</i>	<i>Enplaned Passengers⁽¹⁾</i>	<i>Average Annual Percent Increase (Decrease)</i>	<i>Airline Aircraft Departures⁽²⁾</i>	<i>Average Annual Percent Increase (Decrease)</i>
1975	3,028,785	--%	52,890	--%
1980	5,406,216	12.3	86,576	10.4
1985	5,291,761	(0.4)	73,250	(3.3)
1990	8,942,787	11.1	114,485	9.3
1995	13,875,096	9.2	168,291	8.0
2000	17,720,384	5.0	187,531	2.2
2005	21,439,652	4.1	213,035	2.3
2006	22,546,814	5.2	227,445	6.3
2007	23,628,484	4.8	257,743	13.3
2008	23,525,862	(0.4)	260,343	1.0
2009	20,739,408	(11.8)	230,925	(11.3)
2010	19,952,800	(3.8)	218,706	(5.3)
2011	20,266,091	1.6	224,386	2.6
July 1, 2010 – March 31, 2011	14,893,737	--%	164,730	--%
July 1, 2011 – March 31, 2012	15,535,044	4.3	168,955	2.6

⁽¹⁾ Includes all enplaned passengers on scheduled, charter, and commuter and other airlines.

⁽²⁾ Includes passenger airline and cargo airline aircraft departures.

Source: Clark County Department of Aviation.

For Fiscal Year 2011, on a year over year basis, passenger traffic was up approximately 1.6%. For the first nine months of Fiscal Year 2012, passenger traffic was up approximately 4.3% from the corresponding period in Fiscal Year 2011. See the caption “—Airlines Serving the Airport” below.

Set forth below is a table showing origination and destination passenger traffic and connecting passenger traffic since 1990.

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**ORIGINATION AND DESTINATION AND CONNECTING PASSENGERS AIRLINE TRAFFIC
McCarran International Airport**

<i>Fiscal Year</i>	<i>Total Passengers</i>	<i>Average Annual Percent Increase (Decrease)</i>	<i>Connecting Passengers</i>	<i>Average Annual Percent Increase (Decrease)</i>	<i>Origination and Destination Passengers</i>	<i>Average Annual Percent Increase (Decrease)</i>
1990	17,763,320	--%	1,484,432	--%	16,278,888	--%
1995	27,703,803	9.3	2,143,968	7.6	25,559,835	9.4
2000	37,314,455	6.1	2,524,860	3.3	34,789,595	6.4
2005	42,859,885	2.8	5,301,722	16.0	37,558,163	1.5
2006	44,988,031	5.0	5,801,923	9.4	39,186,108	4.3
2007	47,375,064	5.3	6,603,046	13.8	40,772,018	4.0
2008	46,983,189	(0.8)	7,154,949	8.4	39,828,240	(2.3)
2009	41,359,585	(12.0)	6,059,511	(15.3)	35,301,490	(11.4)
2010	39,858,750	(3.6)	5,270,464	(13.0)	34,588,286	(2.0)
2011	40,495,125	1.6	4,137,209	(21.5)	36,357,916	5.1
July 1, 2010 – March 31, 2011	29,789,732 ⁽¹⁾	--%	3,155,891	--%	26,633,841	--%
July 1, 2011 – March 31, 2012	31,068,250 ⁽¹⁾	4.3	2,843,153	(9.9)	28,225,097	6.0

⁽¹⁾ Differs from total set forth in the table entitled "Airline Market Shares McCarran International Airport First Nine Months of Fiscal Year 2012 and First Nine Months of Fiscal Year 2012" under the caption "—Airlines Serving the Airport" because the above numbers reflect Airport enplanements and deplanements.

Source: Clark County Department of Aviation.

In Fiscal Year 2011, approximately 89.8% of enplanements at the Airport represented originating passengers, with the remaining 10.2% representing connecting passengers changing planes at the Airport. The origination and destination passenger activity increased in Fiscal Year 2011 after three years of declines. Comparing connecting passenger activity from Fiscal Year 2010 to Fiscal Year 2011, connecting passengers declined from 13.2% to 10.2% of total passengers, respectively. For the first nine months of Fiscal Year 2012, connecting passengers have continued to decrease to approximately 9.2% of total passengers, primarily as a result of a decrease in enplanements by US Airways, which had formerly used the Airport as a regional hub. See the caption "—Airlines Serving the Airport."

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Historical Seat Capacity and Average Load Factor. Set forth below is a summary of Historical Seat Capacity and Average Load Factor since Fiscal Year 2002.

**HISTORICAL SEAT CAPACITY AND AVERAGE LOAD FACTOR
McCarran International Airport**

<i>Fiscal Year</i>	<i>Total 1 Way Seats</i>	<i>Average Annual Percent Increase (Decrease)</i>	<i>Average Annual Load Factor</i>	<i>Average Annual Percent Increase (Decrease)</i>
2002	21,987,218	(4.15)%	76.09%	(0.77)%
2003	21,629,390	(1.49)	79.16	4.04
2004	24,051,961	11.05	79.20	0.04
2005	26,504,607	10.20	80.91	2.17
2006	27,820,141	4.96	82.75	2.27
2007	28,449,259	2.26	82.60	(0.18)
2008	28,740,645	1.02	83.23	0.76
2009	25,888,472	(9.92)	83.09	(0.16)
2010	24,186,076	(6.58)	85.20	2.50
2011	23,983,332	(0.84)	86.20	1.17
July 1, 2010 – March 31, 2011	17,749,964	--%	85.50%	--%
July 1, 2011 – March 31, 2012	18,381,535	3.56	86.40	1.05

Source: Clark County Department of Aviation.

While seat capacity grew during Fiscal Year 2004 through Fiscal Year 2008, load factor rates remained high. While seat capacity declined in Fiscal Years 2009 through 2011, the airlines managed available seats to keep load factors at or above recent levels.

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Historical Airline Landed Weight. Set forth below is a summary of Historical Airline Landed Weight since Fiscal Year 2002.

**HISTORICAL AIRLINE LANDED WEIGHT
McCarran International Airport**

<i>Fiscal Year</i>	<i>Landed Weight⁽¹⁾</i>	<i>Average Annual Percent Increase (Decrease)</i>
2002	23,587,166	(4.4)%
2003	23,074,743	(2.2)
2004	24,878,724	7.8
2005	27,066,272	8.8
2006	27,526,493	1.7
2007	28,835,044	4.8
2008	28,841,564	0.0
2009	25,973,079	(9.9)
2010	24,306,053	(6.4)
2011	24,288,033	(0.1)
July 1, 2010 – March 31, 2011	18,010,960	--%
July 1, 2011 – March 31, 2012	18,558,532	3.0

⁽¹⁾ Pounds per 000.

Source: Clark County Department of Aviation.

Airlines Serving the Airport. As of March 1, 2012, the Airport was served by 30 scheduled airlines, of which 13 are international carriers. In addition, the Airport is served by 1 charter passenger airline that operates at the Airport on a regular basis and several other charter airlines that provide service to the Airport on an occasional basis. The scheduled airlines serving the Airport (excluding charters and air taxis) are currently averaging 444 scheduled departures per day to 143 nonstop markets.

The following tables present the market shares of enplaned passengers for the scheduled airlines serving the Airport Fiscal Years 2011, 2010 and 2000 and for the first nine months of Fiscal Year 2012 compared to the same period in Fiscal Year 2011. Southwest Airlines and Delta accounted for just over 50% of total enplaned passengers at the Airport in Fiscal Year 2011.

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AIRLINE MARKET SHARES
McCarran International Airport
Fiscal Years 2011, 2010 and 2000

	<i>Fiscal Year 2011</i>		<i>Fiscal Year 2010</i>		<i>Fiscal Year 2000</i>	
	<i>Passengers</i>	<i>Percent</i>	<i>Passengers</i>	<i>Percent</i>	<i>Passengers</i>	<i>Percent</i>
Scheduled Airlines:						
Southwest ⁽¹⁾	7,981,142	39.4%	7,782,729	39.0%	4,934,299	27.9%
Delta ⁽²⁾	2,258,869	11.1	2,109,925	10.6	1,409,339	8.0
US Airways ⁽³⁾	1,385,557	6.8	1,866,341	9.4	203,107	1.2
United ⁽⁴⁾	1,311,957	6.5	1,424,172	7.1	1,722,119	9.7
American ⁽⁵⁾	1,196,867	5.9	1,130,026	5.7	1,106,256	6.2
Continental ⁽⁶⁾	995,281	4.9	984,523	4.9	767,278	4.3
Allegiant	985,576	4.9	931,664	4.7	35,880	0.2
International Carriers	710,217	3.5	690,926	3.5	509,293	2.9
Alaska	606,341	3.0	540,501	2.7	430,549	2.4
Jet Blue	421,676	2.1	380,496	1.9	--	--
Westjet	421,073	2.1	391,100	2.0	--	--
Frontier ⁽⁷⁾	335,801	1.7	317,413	1.7	100,223	0.6
Air Tran ⁽⁸⁾	282,116	1.4	268,121	1.3	--	0.0
Virgin America	273,878	1.4	225,314	1.1	--	--
Hawaiian	256,849	1.3	224,178	1.1	--	--
Spirit Airlines	243,690	1.2	122,532	0.6	--	--
Sun Country	66,337	0.3	57,036	0.3	--	--
Midwest ⁽⁹⁾	--	0.0	24,304	0.1	--	--
Northwest ⁽¹⁰⁾	--	0.0	--	--	681,776	3.2
ATA ⁽¹¹⁾	--	0.0	--	--	572,485	3.2
Champion ⁽¹²⁾	--	0.0	--	--	229,506	1.3
Aloha Airlines ⁽¹³⁾	--	0.0	--	--	--	--
America West ⁽¹⁴⁾	--	0.0	--	--	2,646,809	14.9
National ⁽¹⁵⁾	--	0.0	--	--	666,807	3.8
TWA	--	0.0	--	--	298,175	1.7
Reno Air ⁽¹⁶⁾	--	0.0	--	--	124,292	0.7
Subtotal	19,733,227	97.4%	19,471,301	97.6%	16,438,193	92.8%
Charter Airlines	75,480	0.4	64,263	0.3	961,989	5.4
General Aviation and Other	457,384	2.2	417,236	2.1	321,381	1.8
Total	<u>20,266,091</u>	<u>100.0%</u>	<u>19,952,800</u>	<u>100.00%</u>	<u>17,721,563</u>	<u>100.0%</u>

⁽¹⁾ Merged with Air Tran in Fiscal Year 2012.

⁽²⁾ Filed for Chapter 11 bankruptcy in September 2005; emerged from Chapter 11 bankruptcy in April 2007. Merged with Northwest in February 2010.

⁽³⁾ Filed for Chapter 11 bankruptcy in August 2002; refiled for Chapter 11 bankruptcy in September 2004; emerged from Chapter 11 bankruptcy in September 2005, and merged with America West in September 2005.

⁽⁴⁾ Filed for Chapter 11 bankruptcy in December 2002; emerged from Chapter 11 bankruptcy in February 2006. Merged with Continental in October 2010.

⁽⁵⁾ Filed for Chapter 11 bankruptcy in November 2011.

⁽⁶⁾ Merged with United on October 1, 2010.

⁽⁷⁾ Filed for Chapter 11 bankruptcy in April 2008; emerged from Chapter 11 bankruptcy in October 2009. Merged with Midwest in Fiscal Year 2010.

⁽⁸⁾ Merged with Southwest Airlines in Fiscal Year 2012.

⁽⁹⁾ Merged with Frontier in Fiscal Year 2010.

⁽¹⁰⁾ Filed for Chapter 11 bankruptcy in September 2005; emerged from Chapter 11 bankruptcy in May 2007. Merged with Delta in February 2010.

⁽¹¹⁾ Filed for Chapter 11 bankruptcy and ceased operations in April 2008.

⁽¹²⁾ Ceased operations May 2008.

⁽¹³⁾ Filed for Chapter 11 bankruptcy and ceased operations in March 2008.

⁽¹⁴⁾ Merged with U.S. Airways in September 2005.

⁽¹⁵⁾ Filed for Chapter 11 bankruptcy in December 2000. National Airlines began servicing the Airport in Fiscal Year 2000 and in November 2002, National Airlines ceased operations.

⁽¹⁶⁾ Reno Air was purchased by American Airlines in 1998 and is no longer operated as a separate entity.

Source: Clark County Department of Aviation.

AIRLINE MARKET SHARES
McCarran International Airport
First Nine Months of Fiscal Year 2012 and First Nine Months of Fiscal Year 2011

<i>Airline</i>	<i>July 2011 - March 2012</i>			<i>July 2010 - March 2011</i>	
	<i>Passengers</i>	<i>Percent</i>	<i>Increase/ (Decrease)</i>	<i>Passengers</i>	<i>Percent</i>
Southwest	5,929,981	38.2%	0.3%	5,914,624	39.7%
Delta	1,631,294	10.5	(8.0)	1,681,714	11.3
United Continental	1,596,117	10.3	(3.0)	1,735,185	11.7
American	910,329	5.9	(12.1)	870,081	5.8
US Airways	895,906	5.8	(4.6)	1,019,351	6.8
Allegiant	832,725	5.4	(14.3)	728,426	4.9
Spirit	575,375	3.7	264.5	157,841	1.1
Alaska	458,556	3.0	5.9	432,886	2.9
JetBlue	397,253	2.6	31.6	301,946	2.0
West Jet	367,800	2.4	20.3	305,650	2.1
Frontier	250,754	1.6	2.4	244,807	1.6
Virgin America	213,819	1.4	1.4	174,540	1.2
Hawaiian Air	198,095	1.3	1.3	190,518	1.3
AirTran	192,453	1.2	1.2	202,052	1.4
Air Canada	172,851	1.1	1.1	158,634	1.1
Virgin Atlantic	119,864	0.8	0.8	98,051	0.7
British Airways	83,845	0.5	0.5	65,143	0.4
AeroMexico	76,710	0.5	0.5	71,271	0.5
Volaris	70,714	0.5	36730.2	192	0.0
Sun Country	48,982	0.3	(3.0)	50,498	0.3
Philippines	24,772	0.2	(2.9)	25,513	0.2
Condor	22,636	0.1	12.2	20,168	0.1
Korean	20,057	0.1	17.1	17,135	0.1
Sunwing	16,434	0.1	(23.3)	21,422	0.1
Vivaareobus	16,167	0.1	22.9	13,158	0.1
Horizon Air	15,538	0.1	100.0	-	-
XL Airways	6,761	0.0	4.0	6,504	0.0
Great Lakes	6,315	0.0	70.6	3,702	0.0
Thomas Cook	6,020	0.0	(0.4)	6,042	0.0
Vision	4,162	0.0	100.0	--	0.0
Mexicana	-	0.0	(100.0)	16,203	0.1
Charter Airlines	46,993	0.2	23.9	37,916	0.3
General Aviation & Other	<u>325,766</u>	<u>2.1</u>	<u>1.0</u>	<u>322,564</u>	<u>2.2</u>
Total Enplanements ⁽¹⁾	<u>15,535,044</u>	<u>100.0%</u>	<u>4.3%</u>	<u>14,893,737⁽¹⁾</u>	<u>100.0%</u>

⁽¹⁾ Differs from total set forth in the table entitled "Origination and Destination and Connecting Passengers Airline Traffic" under the caption "—Historical Passenger Traffic and Airport Operations" because the above numbers reflect Airport enplanements only.

Source: Clark County Department of Aviation.

In October 2010, United Airlines ("United") and Continental Airlines ("Continental") merged to form a new entity, United Continental Holdings Inc. Because of the relatively small airline market shares of United and Continental at the Airport, as well as limited overlapping United and Continental flights to Las Vegas, the Airport does not currently expect the effects of the merger between United and Continental to have a material adverse effect on the operations of the Airport.

In March 2012, Southwest Airlines acquired Air Tran Airways ("Air Tran") in a merger between the two companies. The Airport does not currently expect the effects of the planned merger between Southwest Airlines and Air Tran to have a material adverse effect on the operations of the Airport.

Southwest Airlines, Delta and United Continental accounted for approximately 59% of total enplaned passengers at the Airport in the first nine months of Fiscal Year 2012.

Airline Agreements; Rates and Charges

On August 17, 2010, the Board of County Commissioners approved and authorized the Director of Aviation to execute the new Airline-Airport Use and Lease Agreement (“Airline Agreement”) with those airlines serving Las Vegas that meet the minimum qualifications to become signatories thereof. As of March 31, 2012, the following airlines have executed the new Airline Agreement: Alaska Airlines, American Airlines, Continental Airlines, Delta Air Lines, United Airlines, Southwest Airlines, Air Canada, Air Tran Airways, Allegiant Air, Spirit, British Airways, Frontier Airlines, JetBlue Airways, Korean Air Lines, Philippine Airlines, Virgin America, Inc., Virgin Atlantic Airways, WestJet Airlines and US Airways. All other airlines are classified as non-signatories and are subject to non-signatory rates and charges.

The key provisions of the Airline Agreement include the following: (i) a term of five years with two one-year options with the effective date being retroactive to July 1, 2010; (ii) the rate making methodology is a full residual agreement with each direct cost center, airfield, terminal and apron areas standing on its own; (iii) the Department retains the gaming and net revenues from the consolidated rental car facility as its discretionary cash which is deposited into the Capital Fund; (iv) the Department’s five-year capital plan is pre-approved as an exhibit to the Airline Agreement; and (v) the Airline Agreement establishes a Rate Stabilization Fund that will be funded each year with 50% of the amortization charged to the airlines and this fund can be used for keeping rates at competitive levels. Rentals and fees are established each Fiscal Year based on the approved Airport System operating budget. The rates are reviewed and adjusted, if necessary, throughout each Fiscal Year to ensure that the rate covenants were being met. At the end of each Fiscal Year, the Airport recalculates the rates based on actual expenses and revenues and if additional rents or credits are due, the airlines receive these credits or are paid additional amounts due within 30 days from notification. The County reserves the right to make certain extraordinary adjustments to rentals and fees to assure that costs and expenses of the Airport will be paid.

The Airline Agreement provides that all rights of the airlines thereunder (the “Signatory Airlines”) are expressly subordinated to the provisions of any pledge made by the County pursuant to the terms of the Master Indenture.

Rates and charges for those airlines at the Airport which are not subject to the Airline Agreement are 125% of the signatory rates.

Airport Concessions

The principal concessions at the Airport are gaming, rental car, automobile parking, advertising, news and gift, and food and beverage. The County also derives revenues from specialty shops, telephones, limousines, ground transportation services, building and land rentals, and other concessions. Concessions in general operate under concession agreements providing for payment to the County of a percentage of gross revenue. In Fiscal Year 2011, concession revenues included gaming revenues of approximately \$25.9 million, \$53.0 million in advertising and food/beverage revenues, news/gift and other terminal concession revenues, \$40.5 million in rental car and other transportation revenues and parking revenues of approximately \$28.3 million.

A discussion of the major concession arrangements follows:

Gaming. The gaming concession at the Airport operates under an agreement providing for payment to the County of 86.5% of gross revenues after payment of payroll and tax expenses, which results in the County receiving approximately 60% of gross gaming revenues, subject to guaranteed minimum payments. The current gaming concession agreement extends to February 28, 2017. For Fiscal Year 2011, gaming revenues were up by approximately \$250,000, or 0.97% as compared to Fiscal Year 2010. This increase can be attributed to the overall increase in discretionary spending on gaming in general and increase in enplaned passengers. For the first nine months of Fiscal Year 2012, gaming revenue is up 4.0% over the first nine

months of Fiscal Year 2011. The Department is currently working closely with the gaming concessionaire in placing new state-of-the-art gaming devices at the Airport to help generate more sales.

Rental Cars. Eleven rental car companies (Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, Las Rentals, Thrifty, EZ Rent a Car and Simply Wheelz) are operating at the Airport under concession agreements that became effective in 2004. Such agreements expire in 2016, with the exception of the agreements with Alamo, Avis and National, which expire in 2017. The County has the option, in its sole discretion, to extend such concession agreements for one 5-year period. The concession agreement requires for the payment of 10% of gross revenues, subject to minimum annual guarantees. The rental car companies are also required to collect from their customers and remit to the Airport a customer facility charge (“CFC”) of \$3.75 per contract day. The CFC commenced in May 2004 at \$3.00 per contract day and was increased to \$3.25 per day in January 2009 and to \$3.75 on August 1, 2010. The CFC is currently being used by the Airport to pay for certain expenses relating to the consolidated rental car facility. The concession revenues generated by the rental car companies totaled \$27.3 million in Fiscal Year 2011, up approximately 8.4% over Fiscal Year 2010. For the first nine months of Fiscal Year 2012, rental car concession fees are up 9.5% over the first nine months of Fiscal Year 2011.

Automobile Parking. Parking facilities at the Airport are operated by the County and include two existing parking garages containing approximately 7,500 covered parking spaces and three other lots. There are no significant off airport parking facilities in operation. During Fiscal Year 2009, the Department increased all of the parking rates at the Airport. Parking revenues increased by approximately 6.4% from \$26.6 million in Fiscal Year 2010 to \$28.3 million in Fiscal Year 2011. For the first nine months of Fiscal Year 2012, parking revenues at the Airport are up 0.7% compared to the first nine months of Fiscal Year 2011, reflecting the receipt of additional revenues in Fiscal Year 2011 after an audit of valet parking operations.

Advertising. The advertising arrangements in the Main Terminal, Charter/International Terminal, and other areas provide for the payment of advertising commissions to the County of up to 85% of gross revenues, with a total minimum annual guarantee of \$5,400,000. Agreements for outdoor billboard advertising locations on Airport property provide for the payment of advertising commissions to the County ranging from 25% to 85% of gross revenues, with a total minimum annual guarantee of \$3,600,000. Terminal advertising for Fiscal Year 2011 totaled \$12.8 million, down 0.5% over Fiscal Year 2010. For the first nine months of Fiscal Year 2012, terminal advertising fees are up 14.0% compared to the same period in Fiscal Year 2011. Billboard revenues from roadway advertising totaled \$6.2 million in Fiscal Year 2011, down 5.3% from the Fiscal Year 2010 amount. For the first nine months of Fiscal Year 2012, billboard revenue is down 0.5% compared to first nine months of Fiscal Year 2011.

News and Gifts. The Hudson Group operates all of the news and general merchandise (gifts) concessions at the Airport under an agreement that extends through July 31, 2020. As of April 1, 2008, the County receives 17.5% of gross revenues on reading materials, 20% of gross revenues on the sale of cigarettes, candies, drugs, sundries and snack foods and 22% of gross revenues on all other items. The Hudson Group has renovated all of the news and gift stores within the Airport. News and gift revenues at the Airport increased from \$9.9 million in Fiscal Year 2010 to \$10.5 million in Fiscal Year 2011, an increase of 5.7%. For the first nine months of Fiscal Year 2012, news and gift concession fees are up 7.4% compared to the same period in Fiscal Year 2011. This increase can partially be attributed to passengers buying more drinks, snacks and reading materials as the airlines have discontinued most of these amenities on their flights.

Nuance Global Traders, USA Inc. (“Nuance”) operates the news and general merchandise and duty free concession at the Charter/International Terminal under an agreement that extends month to month. According to the terms of the agreement for the news and gifts concession, the County receives 10% of gross revenues on reading material, 12% of gross revenues on the sale of cigarettes, candies, drugs, sundries, and snack foods and 18% of gross revenues on all other items, for gross revenues of \$499,999 or less. For gross revenues between \$500,000 and \$999,999, the County will receive 10%, 15%, and 27%, respectively, for these items, and for gross revenues in excess of \$999,999, the County will receive 10%, 15%, and 34%, respectively.

Under the terms of the agreement for the duty free concession, the County receives 16% of all gross revenues up to \$999,999; 21% of gross revenues between \$1,000,000 and \$2,999,999; and 26% of gross revenues thereafter. In Fiscal Year 2011, Nuance generated \$4.7 million, compared to \$4.3 million in Fiscal Year 2010. For the first nine months of Fiscal Year 2012, duty free revenues are up 23.6% compared to the same period in Fiscal Year 2011. This increase can be attributed to the increase in international passengers.

Food and Beverage. HMS Host Services Corporation (“HMS Host”) has the exclusive concession privilege to operate food and beverage services in the Terminal Building and at the Charter/International Terminal at the Airport, including terminal restaurants, cafeterias, snack bars, and cocktail bars. Under an agreement that extends to November 30, 2018, HMS Host pays the County 11.0% of gross revenues on food and non-alcoholic beverages and 18.0% of gross revenues on liquor sales. HMS Host is currently in the process of re-branding several of the food locations throughout the Airport. In Fiscal Year 2011, food, beverage and bar sales at the Airport were \$16.5 million, an increase of 0.6% over Fiscal Year 2010. For the first nine months of Fiscal Year 2012, food and beverage revenues have increased by 3.6% over the first nine months of Fiscal Year 2011. This increase can be attributed to new concessions opportunities and better passenger exposure to concession locations.

Other Terminal Building Concessions. The County also derives revenues from specialty shops and other concessions and services within the Terminal Building according to the terms of various agreements. Specialty retail at the airport remained constant during Fiscal Year 2011, with revenues of approximately \$6.2 million in each of Fiscal Years 2010 and 2011. For the first nine months of Fiscal Year 2012, specialty retail concession fees have increased 3.9% over the first nine months of Fiscal Year 2011.

Future Airport Improvements

The Department continuously updates its long-range plan for development of the passenger terminal facilities and airfield areas to meet anticipated growth in airline passengers and aircraft operations. The Department’s current five year capital plan for Fiscal Years 2013 through 2017 projects capital expenditures of approximately \$441.7 million, consisting of approximately \$243.6 million in airfield and apron improvements, \$6.1 million in software upgrades, \$50.9 million in terminal facilities enhancements, \$117.9 million in infrastructure and support facilities improvements, and \$23.2 million in reliever airport improvements. Such costs will be financed through a combination of bonds, federal grants, Jet A fuel tax revenue and internally generated cash. The Department does not currently anticipate issuing additional general airport revenue bonds to fund the current five year capital plan.

Terminal 3 will provide up to 14 aircraft gates and related support space, concession areas, holdrooms, parking structure and public circulation facilities. The current estimate of the construction cost of Terminal 3 is approximately \$2.4 billion, of which approximately \$2.3 billion has been expended as of March 31, 2012. The County currently projects that Terminal 3 will be completed and occupied in June 2012.

The Airport has acquired 6,500 acres of land in Ivanpah, Nevada for the construction of a supplemental airport facility once capacity is reached at the current facility. Such facility would be in addition to the current Airport and would provide facilities to accommodate approximately 30 million enplanements at ultimate build out. During Fiscal Year 2010, the Board of County Commissioners decided to permanently defer the Ivanpah project due to the continued decline in passenger enplanements at the Airport. The Airport does not expect to resume any further environmental or project-related studies in the foreseeable future. Costs incurred on the Ivanpah project through June 30, 2010, estimated to be around \$12 million, were partially written off in Fiscal Year 2010.

LITIGATION AND OTHER LEGAL MATTERS AFFECTING THE AIRPORT

General Litigation

There is no controversy of any nature now pending against the County or, to the knowledge of its respective officers, threatened, seeking to restrain or enjoin the offering of the 2012B PFC Bonds or in any way contesting or affecting the validity of the 2012B PFC Bonds or any proceedings of the County taken with respect to the issuance of, sale thereof, or the pledge or application of any monies or security provided for the payment of the 2012B PFC Bonds or the use of the 2012B PFC Bond proceeds.

Inverse Condemnation Litigation

The County is a party to actions concerning Airport System operations in which inverse condemnation damages and other damages are being sought against the County.

70 Limited Partnership, Tertia Dvorchak as special administratrix of the estate of Thomas T. Beam, Deceased v. McCarran International Airport and Clark County, Case No. A572739. Outside counsel is handling this litigation on behalf of the County. This case was filed on October 1, 2008 alleging that the imposition of zoning height restrictions over the plaintiffs' property constitutes a "per se taking." Two ordinances were involved in this case, Ordinance 1221 and Ordinance 1599. The County succeeded in having claims under Ordinance 1221 dismissed based upon the fifteen-year statute of limitations applicable to inverse condemnation taking claims. Following this decision on the motion to dismiss in the County's favor, the only ordinance that remained as the subject of litigation at the district court level was Ordinance 1599 (a claim which belonged to plaintiff 70 Limited Partnership). At the district court level, experts were retained and the County contended that there was no damage in this case. Once discovery commenced, the plaintiffs located an expert to enhance their damages claims under Ordinance 1599. Utilizing that expert, the plaintiffs then claimed damages in excess of \$2.7 billion by Ordinance 1599 alone. Near the close of discovery, the County moved for summary judgment on all claims. The court granted this motion at the March 30, 2010, hearing on dispositive motions. Plaintiff 70 Limited Partnership appealed this action to the Nevada Supreme Court on July 16, 2010. All briefing is complete and oral argument before the Nevada Supreme Court in this appeal is scheduled to be held on July 9, 2012. The County believes that it has a strong legal argument on appeal. It is, however, impossible to predict the outcome of this case at this juncture given the current stage of the present litigation.

North American Properties, a Business Entity Formerly Known as Woodbridge Apartments v. McCarran International Airport and Clark County, Case No. A-09-594649. Outside counsel is handling this litigation on behalf of the County. The case was filed July 6, 2009 and has been served on the County. The plaintiff alleges that the County used airport expansion and imposition of height restrictions to lower the value of, or take part of property the plaintiff owns. The County filed a motion to dismiss the amended complaint on January 14, 2011. On February 24, 2011, the court dismissed the plaintiff's Ordinance 1221 airspace takings claims on the basis that the plaintiff was barred by the fifteen-year limitations period applicable to inverse condemnation takings claims. The plaintiff and the County will continue to litigate the plaintiff's Ordinance 1599 airspace takings claims, which were not barred by the fifteen-year statute of limitations. Discovery has commenced in this action. The plaintiffs are claiming damages of approximately \$200,000,000.00 on a property that has been appraised at \$1.5 million. The plaintiffs recently offered to settle the case for \$7,948,840.15. Trial is set for September 2012. It is impossible to predict the outcome of this case at this juncture given the current stage of the present litigation.

Other Possible Inverse Condemnation/Taking Litigation. It is possible that other litigation will be filed by landowners who are affected by the County's airport height zoning ordinance. It is impossible to predict at this time whether any such litigation will be filed or its ultimate outcome.

Other Litigation

The County is a party to numerous other actions and claims in connection with the ownership and operation of the Airport System, including personal injury claims, employment related claims and construction claims, but in the opinion of the District Attorney, the actions and claims described in this subcaption are not expected, in the aggregate, to have a material adverse effect on the financial condition of the Airport System. Several particular cases of note are:

Williams Brother, Inc. v. Clark County, Case No. A-10-630397-C. Outside counsel is handling this litigation on behalf of the County. The plaintiff filed a complaint against the County on December 2, 2010 alleging that the County's wrongful conduct caused the plaintiff delays and monetary damages in its efforts to complete the Contract 2367-Reconstruction of Taxiway G project at the Airport. The plaintiff also alleges the County did not pay the retention amounts as required by Nevada's Prompt Payment law. The plaintiff has still not specified its claim of damages. The County believes that it has strong legal and factual defenses and intends to vigorously defend this case.

National Federation of the Blind, et al. vs. Clark County, Nevada, et al. (U.S. District Court Case No. 2:11-cv-0474). Outside counsel is handling this litigation on behalf of the County. The plaintiffs filed suit claiming the County has violated federal law by owning and operating common use ticketing kiosks at the Airport which do not provide for access by visually impaired persons. The matter is before the court on a pending Motion to Dismiss. By court order, the Motion to Dismiss has recently been amended due to the fact an amended complaint had been filed. The County has taken the position that this matter will be resolved by regulation through the Department of Transportation. In the event there is ultimately an adverse ruling, the County, through the Department of Aviation, would be compelled to convert the ticket kiosks at the Airport to be accessible to the blind. Potential costs could be in the range of millions of dollars in retrofitting costs, if the technology available to make access to the various participating airlines works on the County's kiosks. The County's other alternative in the event of an adverse ruling would be to remove the kiosks in their entirety so that no one would have access. The County believes that it has strong legal and factual defenses and intends to vigorously defend this case. It is too early to determine the range of liability with respect thereto, if any.

HELI Airways Inc. vs. County of Clark (8th Judicial District Court Case No. A-11-639810) and Heli Airways, Inc., et al., vs Clark County, Nevada, et al. (Nevada Supreme Court Case No. 59791). Outside counsel is handling this litigation on behalf of the County. The plaintiffs filed suit seeking the return of approximately \$5 million in PFCs which were paid to the County on behalf of the plaintiffs' passengers for flights which the Federal Aviation Administration (the "FAA") informed the County were not eligible for collection of PFCs. The County maintains that the PFC refunds are to be given to the individual passengers. The plaintiffs have refused to provide the County with the passengers' contact information. The County prevailed on a Motion to Dismiss on the basis that the FAA had original jurisdiction of the dispute. The matter is on appeal to the Nevada Supreme Court and the Court is expected to set a briefing schedule in the near future.

CLS Nevada, LLC dba CLS Transportation Las Vegas vs. County of Clark, et al. (8th Judicial District Court Case No. A-11-652736) and CLS Nevada, LLC dba CLS Transportation, Las Vegas vs. County of Clark, et al. (Nevada Supreme Court Case No. 60571). Outside counsel is handling this litigation on behalf of the County. The plaintiff, a limousine company that was not one of the four companies recently awarded a contract at the Airport, filed suit to enjoin the execution of the contracts with the limousine companies that had been awarded contracts. The plaintiff's motion for preliminary injunction was denied. The County filed a motion to dismiss that was granted with the exception of the claim for a writ of mandate. A trial on the writ of mandate is currently ongoing. If the writ of mandate is granted, the court could either order a re-bid or a re-scoring of the proposals submitted by the various limousine companies. At the present time the County does not face any financial exposure in this litigation. However, the plaintiff could amend its pleading to seek damages, in an unascertained amount, representing lost profits due to an allegedly improper award of the contracts. The potential for liability of the County appears to be minimal. The denial of the motion for

preliminary injunction is presently on appeal with the Nevada Supreme Court. That court denied the application for emergency stay.

RATINGS

Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business and Moody's Investors Service, Inc. have assigned their ratings of "A+" and "A1", respectively, to the 2012B PFC Bonds. No application has been made or is anticipated to be made to any other rating agency for the purpose of obtaining any additional ratings on the 2012B PFC Bonds. Any desired explanation of such ratings should be obtained from the rating agency furnishing the same. Generally, rating agencies base their ratings on information and materials furnished to them and on investigations, studies and assumptions by the rating agencies. There is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such change in or withdrawal of such ratings may have an adverse effect on the market price of the 2012B PFC Bonds.

UNDERWRITING

The 2012B PFC Bonds are being purchased pursuant to a Purchase Contract (the "Purchase Contract"), dated the date hereof, by and between the County and Citigroup Global Markets Inc., as representative (the "Representative") of the underwriters listed on the cover hereof (collectively, the "Underwriters"), at a purchase price of \$72,882,964.55 (being the par amount of the 2012B PFC Bonds, plus \$8,985,742.00 of original issue premium and less \$462,777.45 of Underwriters' discount). The Purchase Contract provides that the Underwriters will purchase all of the 2012B PFC Bonds if any are purchased.

The Underwriters of the 2012B PFC Bonds may offer and sell the 2012B PFC Bonds to certain dealers (including dealers depositing the 2012B PFC Bonds into investment trusts) 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 Underwriters.

Citigroup Inc., parent company of Citigroup Global Markets Inc., an Underwriter of the 2012B PFC Bonds, has entered into a retail brokerage joint venture with Morgan Stanley. As part of the joint venture, Citigroup Global Markets Inc. will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Citigroup Global Markets Inc. will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2012B PFC Bonds.

Citigroup Global Markets Inc. has also entered into a master distribution agreement (the "Master Distribution Agreement") with TheMuniCenter L.L.C. ("TMC"), for the distribution to retail investors of certain municipal securities offerings at their original issue prices. TMC has established an electronic primary offering application platform through which certain TMC approved users that are also broker-dealers or municipal securities dealers can submit orders for and receive allocations of new issue municipal securities at the original issue price for their retail customers. Pursuant to the Master Distribution Agreement (if applicable for this transaction), Citigroup Global Markets Inc. may share with TMC a portion of its underwriting compensation with respect to any 2012B PFC Bonds that are allocated to a TMC user. The TMC users permitted to participate in the remarketing of the 2012B PFC Bonds may also share a portion of the compensation received by Citigroup Global Markets Inc. with respect to any 2012B PFC Bonds allocated to such TMC user pursuant to the terms of a Member Addendum to the TMC user's Trading Authorization User Agreement with TMC. Citigroup Financial Products Inc., an affiliate of Citigroup Global Markets Inc., owns a 31.35% equity interest in TheDebtCenter L.L.C., the parent company of TMC.

FINANCIAL ADVISORS

Public Financial Management, Inc., San Francisco, California, and Hobbs, Ong & Associates, Inc., Las Vegas, Nevada, have served as financial advisors (the “Financial Advisors”) to the County in connection with various matters relating to the planning, structuring and execution and delivery of the 2012B PFC Bonds. The Financial Advisors have not audited, authenticated or otherwise verified the information set forth in this Official Statement, or any other related information available to the County and the Board of County Commissioners, with respect to the accuracy and completeness of disclosure of such information. No guaranty, warranty or other representation is made by the Financial Advisors respecting accuracy and completeness of this Official Statement or any other matter related to the Official Statement. The fees being paid to the Financial Advisors are contingent upon the execution and delivery of the 2012B PFC Bonds.

TRUSTEE

The Bank of New York Mellon Trust Company, N.A., by acceptance of its duties as Trustee under the 2012 PFC Series B Indenture, has not reviewed this Official Statement and has made no representations as to the information contained herein, including but not limited to, any representations as to the financial feasibility of the 2012B PFC Bonds or related activities.

TAX MATTERS

Federal Tax Exemption. In the opinion of Swendseid & Stern, a Member in Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the 2012B PFC Bonds is excluded from gross income pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2012B PFC Bonds (the “Tax Code”), is excluded from gross income pursuant to Section 103 of the Code, and is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations.

Under the Tax Code an “adjusted current earnings” adjustment is required to be made for purposes of the alternative minimum tax provision applicable to corporations. Under this adjustment, 75 percent of the excess of a corporation’s “adjusted current earnings” over the corporation’s alternative minimum taxable income (computed without regard to this adjustment and the alternative tax net operating loss deduction) is included in calculating the corporation’s alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. “Adjusted current earnings” include interest on the Series 2012B PFC Bonds.

The Tax Code imposes several requirements which must be met with respect to the 2012B PFC Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income to the extent described above. Certain of these requirements must be met on a continuous basis throughout the term of the 2012B PFC Bonds. These requirements include: (a) limitations as to the use of proceeds of the 2012B PFC Bonds and as to the use of the facilities financed thereby; (b) limitations on the extent to which proceeds of the 2012B PFC Bonds may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the 2012B PFC Bonds above the yield on the 2012B PFC Bonds to be paid to the United States Treasury. The County will covenant and represent in the 2012 PFC Series B Indenture that it will take all steps to comply with the requirements of the Tax Code to the extent necessary to maintain the exclusion of interest on the 2012B PFC Bonds from gross income and alternative minimum taxable income. Bond Counsel’s opinion as to the exclusion of interest on the Series Bonds from gross income and alternative minimum taxable income is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the County to comply with these requirements could cause the interest on the 2012B PFC Bonds to be included in gross income, alternative minimum taxable income or both from the date of issuance. Bond Counsel's opinion also is

rendered in reliance upon certifications of the County and other certifications furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications by independent investigation.

With respect to 2012B PFC Bonds that were sold in the initial offering at a discount (the “Series 2012B PFC Discount Bonds”), the difference between the stated redemption price of the Series 2012B PFC Discount Bonds at maturity and the initial offering price of those bonds to the public (as defined in Section 1273 of the Tax Code) will be treated as “original issue discount” for federal income tax purposes and will, to the extent accrued as described below, constitute interest which is excluded from gross income or alternative minimum taxable income under the conditions in the preceding paragraphs. The original issue discount on the Series 2012B PFC Discount Bonds is treated as accruing over the respective terms of such Series 2012B PFC Discount 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) ending on January 1 and July 1 with straight line interpolation between compounding dates. The amount of original issue discount accruing each period (calculated as described in the preceding sentence) constitutes interest which is excluded from gross income or alternative minimum taxable income under the conditions described in the preceding paragraphs and will be added to the owner’s basis in the Series 2012B PFC Discount Bonds. Such adjusted basis will be used to determine taxable gain or loss upon disposition of the Series 2012B PFC Discount Bonds (including sale or payment at maturity). Owners should consult their own tax advisors with respect to the tax consequences of the ownership of the Series 2012B PFC Discount Bonds.

Owners who purchase Series 2012B PFC Discount Bonds after the initial offering or who purchase Series 2012B PFC Discount Bonds in the initial offering at a price other than the initial offering price (as defined in Section 1273 of the Tax Code) should consult their own tax advisors with respect to the federal tax consequences of the ownership of the Series 2012B PFC Discount Bonds. Owners who are subject to state or local income taxation should consult their tax advisor with respect to the state and local income tax consequences of ownership of the Series 2012B PFC Discount Bonds. It is possible that, under the applicable provisions governing determination of state and local taxes, accrued original issue discount on the Series 2012B PFC Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The Tax Code contains numerous provisions which may affect an investor’s decision to purchase the 2012B PFC Bonds. Owners of the 2012B PFC Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain “subchapter S” corporations may result in adverse federal and state tax consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the 2012B PFC Bonds made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the owner underreports “reportable payments” (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code. Certain of the 2012B PFC Bonds may be sold at a premium, representing a difference between the original offering price of those 2012B PFC Bonds and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such bonds (if any) may realize a taxable gain upon their disposition, even though such bonds are sold or redeemed for an amount equal to the owner’s acquisition cost. Bond Counsel’s opinion relates only to the exclusion of interest (and, to the extent described above for the Series 2012B PFC Discount Bonds, original issue discount) on the 2012B PFC Bonds from gross income and alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal tax consequences arising from the receipt or accrual of interest on or ownership of the 2012B PFC Bonds. Owners of the 2012B PFC Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the 2012B PFC Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to federal or state tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the 2012B PFC Bonds, the exclusion of interest (and, to the extent described above for the Series 2012B PFC Discount Bonds, original issue discount) on the 2012B PFC Bonds from gross income or alternative minimum taxable income or both from the date of issuance of the 2012B PFC Bonds or any other date, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the tax treatment or market value of the 2012B PFC Bonds. Owners of the 2012B PFC Bonds are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the 2012B PFC Bonds. If an audit is commenced, the market value of the 2012B PFC Bonds may be adversely affected. Under current procedures the Service will treat the County as the taxpayer and the 2012B PFC Bondholders may have no right to participate in such procedure. The County has covenanted in the 2012 PFC Series B Indenture not to take any action that would cause the interest on the 2012B PFC Bonds to lose its exclusion from gross income for federal income tax purposes. None of the County, the Underwriters nor Bond Counsel is responsible to pay or reimburse the costs of any 2012B PFC Bondholder with respect to any audit or litigation relating to the 2012B PFC Bonds.

State of Nevada Tax Exemption. In the opinion of Bond Counsel, under present laws of the State of Nevada, the 2012B PFC Bonds, their transfer, and the income thereon are free and exempt from taxation by the State of Nevada or any subdivision thereof except the State estate tax and the State tax on generation skipping transfers.

LEGAL MATTERS

Certain legal matters incident to the validity and enforceability of the 2012B PFC Bonds are subject to the approval of Swendseid & Stern, a Member in Sherman & Howard L.L.C., Las Vegas and Reno, Nevada, Bond Counsel in the forms attached hereto as Appendix F. Certain legal matters will be passed upon for the County by the County District Attorney, Las Vegas, Nevada, for the Underwriters by their counsel Stradling Yocca Carlson & Rauth, a Professional Corporation, Sacramento, California. The fees of Bond Counsel and Underwriters’ Counsel are contingent upon the issuance of the 2012B PFC Bonds.

CONTINUING DISCLOSURE

Annual audited financial statements of the Department will be available upon request from the Clark County Department of Aviation.

The County has covenanted for the benefit of the holders and beneficial owners of the 2012B PFC Bonds to provide certain financial information and operating data (the “County Annual Report”) nine months following the end of the County’s fiscal year ending June 30 (the “Report Date”), commencing March 31, 2013 for the County Annual Report for Fiscal Year 2012, and to provide notices of the occurrence of certain enumerated events. A form of document specifying the nature of the information to be contained in the County Annual Report or the notices of material events is set forth in Appendix D hereto. These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the “Rule”). Except as described below, the County has never failed to comply in any material respect with any undertakings previously entered into pursuant to the Rule.

In early 2007, the County discovered that certain tables required to be updated with respect to two special improvement district financings were not included in its annual continuing disclosure filings for Fiscal Years 2004 and 2005. The County has gathered the historical information for those tables and filed them with the Nationally Recognized Municipal Securities Information Repositories at the end of March 2007.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion, forecast or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the purchasers of any of the 2012B PFC Bonds and the Airport or the County.

This Official Statement contains forward-looking statements, including: (a) statements containing projections of Airport System Revenues, expenditures and other financial items; (b) statements of the plans and objectives of the County for future operations of the Airport System; (c) statements of future economic performance of the Airport System; and (d) statements of the assumptions underlying or relating to statements described in (a), (b) and (c) above (collectively, "Forward-Looking Statements"). All statements other than statements of historical facts included in this Official Statement, including without limitation under the captions "FINANCIAL FACTORS" and "THE AIRPORT SYSTEM" regarding the Airport System's financial position, business strategy, capital resources and plans and objectives of the County for future operations of the Airport System are Forward-Looking Statements. Although such expectations reflected in such Forward-Looking Statements are reasonable, there can be no assurance that such expectations will prove to have been correct. Important factors that could cause actual results to differ materially from expectations of the County (collectively, the "Cautionary Statements") are disclosed in this Official Statement. All subsequent written and oral Forward-Looking Statements attributable to the County or persons acting on behalf of the County are expressly qualified in their entirety by the Cautionary Statements.

There are appended to this Official Statement appendices entitled "CERTAIN INFORMATION RELATING TO THE COUNTY," "REPORT OF KAFOURY, ARMSTRONG & CO. AND FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011," "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE 2012 PFC SERIES B INDENTURE," "DTC AND BOOK-ENTRY ONLY SYSTEM," "FORM OF OPINION OF BOND COUNSEL," and "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

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

COUNTY OF CLARK, NEVADA

By: _____ /s/Susan Brager
Chair

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APPENDIX A

CERTAIN INFORMATION RELATING TO THE COUNTY

This portion of the Official Statement contains general information concerning the economic and demographic conditions in the County. This information is intended only to provide prospective investors with general information regarding the community. No moneys of the County, other than PFC Revenues and Net Revenues of the Airport, have been pledged to the payment of the 2012B PFC Bonds. The information is historic in nature; it is not possible to predict whether the trends shown will continue in the future. The information presented was obtained from the sources indicated, and the County makes no representation as to the accuracy or completeness of the data obtained from parties other than the County.

Population and Age Distribution

The table below shows the population growth of the County and the State since 1970. Between 2000 and 2010 the County's population increased a total of 41.8%, while the State had a population increase of 35.1% over the same time period. The County population declined slightly in 2011.

POPULATION⁽¹⁾

<i>Year</i>	<i>State of Nevada</i>	<i>Percent Change</i>	<i>Clark County</i>	<i>Percent Change</i>
1970	488,738	--	273,288	--
1980	800,493	63.8%	463,087	69.6%
1990	1,201,833	50.1	741,459	60.1
2000	1,998,257	66.3	1,375,765	85.5
2005	2,518,869	26.1	1,796,380	30.6
2006	2,623,050	4.1	1,874,837	4.4
2007	2,718,337	3.6	1,954,319	4.2
2008	2,738,733	0.8	1,967,716	0.7
2009	2,711,206	(1.0)	1,952,040	(0.8)
2010	2,700,551	(0.4)	1,951,269	0.0
2011	2,721,794	0.8	1,967,722	0.8

⁽¹⁾ United States Department of Commerce, Bureau of the Census figures for 1970, 1980, 1990 and 2010 as of April 1 of each such year. Nevada State Demographer figures for 2005, 2006, 2007, 2008, 2009 and 2011 as of July 1 of each such year. Source: U.S. Bureau of the Census; State Demographer.

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The following table sets forth a comparative age distribution profile for the County, the State and the United States, as of January 1, 2012.

AGE DISTRIBUTION

<i>Age</i>	<i>Percent of Population</i>		
	<i>Clark County</i>	<i>State of Nevada</i>	<i>United States</i>
0-17	26.3%	25.8%	24.5%
18-24	8.6	8.7	9.7
25-34	15.8	14.9	13.5
35-44	14.8	14.2	13.5
45-54	13.3	13.7	14.6
55-64	10.5	11.2	11.4
65-74	6.3	6.7	6.8
75 and Older	4.4	4.8	6.0

Source: © 2012 The Nielsen Company, *Site Reports*.

Income

The following table sets forth annual per capita personal income levels for the residents of the County, the State and the United States.

PER CAPITA PERSONAL INCOME⁽¹⁾

<i>Year</i>	<i>Clark County</i>	<i>Percent Change</i>	<i>State of Nevada</i>	<i>Percent Change</i>	<i>United States</i>	<i>Percent Change</i>
2006	\$38,183	--%	\$38,786	--%	\$37,725	--%
2007	39,105	2.4	39,872	2.8	39,506	4.7
2008	38,567	(1.4)	39,824	(0.1)	40,947	3.6
2009	36,018	(6.6)	36,519	(8.3)	38,846	(5.1)
2010	35,470	(1.5)	36,919	1.1	39,945	2.8

⁽¹⁾ All figures were revised in September 2011 and are subject to periodic revisions. Clark County figures reflect data for Las Vegas-Paradise Metropolitan Statistical Area, which encompasses Clark County alone.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Gaming

General. The economy of the County (and the State) is substantially dependent upon the tourist industry, which is based on legalized casino gambling and related forms of entertainment. Gaming has been legal in the State since 1931 and is controlled and regulated by the State. Control is vested in a five member Gaming Commission and a three member Gaming Control Board. All Gaming Commission and Gaming Control Board members are appointed by the Governor. These bodies investigate and approve all licenses, establish operating rules and collect gaming taxes due to the State. The following table shows a history of the gross taxable gaming revenue and total gaming taxes collected in the County and the State.

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GROSS TAXABLE GAMING REVENUE AND TOTAL GAMING TAXES⁽¹⁾

<i>Fiscal Year Ended June 30</i>	<i>Gross Taxable Gaming Revenue⁽²⁾</i>		<i>% Change Clark County</i>	<i>State Gaming Collection⁽³⁾</i>		<i>% Change Clark County</i>
	<i>State Total</i>	<i>Clark County</i>		<i>State Total</i>	<i>Clark County</i>	
2007	\$12,220,629,344	\$10,234,740,682	4.06%	\$1,036,853,003	\$863,750,067	4.00%
2008	11,925,228,867	10,022,638,463	(2.07)	980,052,427	814,832,420	(5.66)
2009	10,244,532,620	8,571,867,921	(14.47)	858,008,122	716,687,055	(12.04)
2010	9,666,901,578	8,152,044,999	(4.90)	829,289,514	697,972,165	(2.62)
2011	9,834,996,735	8,365,433,824	2.62	853,452,163	725,858,610	4.00
July 2010 – March 2011	7,300,060,284	6,200,680,733	--	563,098,765	480,730,569	--
July 2011 – March 2012	7,377,124,038	6,271,635,029	1.14	591,498,674	507,614,954	5.59

⁽¹⁾ The figures shown are subject to adjustments due to amended tax filings, fines and penalties.

⁽²⁾ The total of all sums received as winnings less only the total of all sums paid out as losses (before operating expenses).

⁽³⁾ Cash receipts of the State from all sources relating to gaming (General Fund and other revenues) including percentage license fees, quarterly flat license fees, annual license fees, casino entertainment taxes, annual slot machine taxes, penalties, advance fees, and miscellaneous collections. A portion of collections is deposited to the State funds other than the State's General Fund.

Source: State of Nevada Gaming Control Board.

Gaming Competition. Different forms of legalized gaming have been authorized by many states, as well as the tribal casinos, across the United States. Other states may authorize gaming in the future in one form or another. The different forms of gaming range from casino gaming to riverboat gambling to lotteries and internet gaming. Some forms of gaming offered elsewhere compete with the gaming products offered in the County and will continue to do so in the future.

No gaming revenues are pledged to pay debt service on the 2012B PFC Bonds.

Tourism

Tourism is an important industry in the County. The Las Vegas Strip, Hoover Dam, Lake Mead, Mt. Charleston and other tourist attractions are in Clark County. Attractions such as the Great Basin, Grand Canyon, Yosemite, Bryce Canyon, Zion and Death Valley National Parks are each within a short flight or day's drive of Southern Nevada.

One reflection of the growth of tourism in Southern Nevada is the increase in the number of hotel and motel rooms available for occupancy as shown in the following table. The area's hotels and motels have historically experienced higher occupancy rates than those on a national level.

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Set forth in the table below is the Las Vegas Convention and Visitors Authority Marketing Department's estimate of the number of visitors to the Las Vegas Metropolitan Area since 2007. Las Vegas, as did most of the tourism industry, saw declines in tourism indicators starting in 2008 as the combined economic factors of the housing crisis, frozen credit markets, volatile gas prices and increased unemployment translated to reduced consumer confidence and travel spending in much of the country.

VISITOR VOLUME AND ROOM OCCUPANCY RATE
Las Vegas Metropolitan Area, Nevada

<i>Calendar Year</i>	<i>Total Visitor Volume</i>	<i>Number of Hotel/Motel Rooms Available⁽¹⁾</i>	<i>Hotel/Motel Occupancy Rate⁽²⁾</i>	<i>National Occupancy Rate⁽³⁾</i>
2007	39,196,761	132,947	90.4%	63.2%
2008	37,481,552	140,529	86.0	60.4
2009	36,351,469	148,941	81.5	55.1
2010	37,335,436	148,935	80.4	57.6
2011	38,928,708	150,161	83.8	60.1
January – February 2011	6,010,951	149,548	79.8	N/A
January – February 2012	6,224,593	150,827	80.0	N/A

⁽¹⁾ Reflects number of rooms available as of the last day of each period only.

⁽²⁾ The sample size for this survey represents approximately 75% of the total hotel/motel rooms available. Reflects average for entire period.

⁽³⁾ Source: Smith Travel Research, Lodging Outlook.
Source: Las Vegas Convention and Visitors Authority.

APPENDIX B

**REPORT OF KAFOURY, ARMSTRONG & CO.
AND FINANCIAL STATEMENTS FOR THE
FISCAL YEAR ENDED JUNE 30, 2011**

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Comprehensive Annual Financial Report

FOR THE YEAR ENDED JUNE 30, 2011



McCarran

CLARK COUNTY DEPARTMENT OF AVIATION
AN ENTERPRISE FUND OF CLARK COUNTY, NEVADA

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Comprehensive Annual Financial Report

Clark County Department of Aviation

An Enterprise Fund of Clark County, Nevada

For the Years Ended June 30, 2011, and 2010



Prepared by the Department of Aviation

McCarran International Airport

Las Vegas, Nevada

CLARK COUNTY DEPARTMENT OF AVIATION
Clark County, Nevada

Board of County Commissioners

Susan Brager, Chair
Steve Sisolak, Vice Chair
Larry Brown
Tom Collins
Chris Giunchigliani
Mary Beth Scow
Lawrence Weekly

County Manager's Office

Donald G. Burnette, County Manager
Jeffrey M. Wells, Assistant County Manager
Randall J. Tarr, Assistant County Manager
Ed Finger, Assistant County Manager

Department of Aviation

Randall H. Walker, Director
Rosemary A. Vassiliadis, Deputy Director
Joseph M. Piurkowski, Acting Assistant Director, Finance

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2011, AND 2010

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Introductory Section





Department of Aviation

RANDALL H. WALKER

DIRECTOR

ROSEMARY A. VASSILIADIS

DEPUTY DIRECTOR

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LAS VEGAS, NEVADA 89111-1005

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FAX (702) 597-9553

E-MAIL: webmaster2@mccarran.com

December 21, 2011

To the Board of County Commissioners
And County Manager
Clark County, Nevada

The Comprehensive Annual Financial Report (CAFR) of the Clark County Department of Aviation (the Department) for the fiscal year (FY) ended June 30, 2011, is submitted herewith. The Finance Division of the Department prepared this report. The financial statements were audited, as required by Nevada Revised Statutes (NRS) 354.624, by Kafoury, Armstrong & Co., independent certified public accountants whose unqualified audit report is contained herein.

The Department comprises a single enterprise fund of Clark County, Nevada (the County), and operates as a separate self-sufficient enterprise fund of the County. The seven-member Board of County Commissioners (the Board) is responsible for governing the affairs of the Department. The Director of Aviation is appointed by the Board and reports directly to the County Manager.

The County owns and the Department operates and maintains McCarran International Airport (the Airport), the tenth largest airport in the United States in terms of passenger volume, and four general aviation airports. The Airport occupies approximately 2,800 acres and is located six miles from downtown Las Vegas and one mile from the Las Vegas "Strip", the center of the Las Vegas gaming and entertainment industry. The Airport is primarily an origination and destination (O&D) airport and is the second largest O&D airport in the United States behind only Los Angeles in calendar year (CY) 2010. In addition to the Airport, the Department operates North Las Vegas Airport, which caters to general aviation activity and is the second busiest airport in the State of Nevada in terms of aircraft operations; and Henderson Executive Airport, a premier corporate aviation facility that features a state-of-the-art terminal, private hangar facilities and a Federal Aviation Administration (FAA) control tower designed to meet the needs of the business aviation community. In addition, the Department operates Jean Sports Aviation Center and Overton-Perkins Field which are primarily used for recreational purposes. All of the airports operated and maintained by the Department are collectively referred to as the Airport System.

As an enterprise fund of the County, users of the Airport System facilities provide all of the revenues necessary to operate, maintain and acquire necessary services and facilities. The Airport System is not subsidized by any tax revenues of the County. The Airport System has been a self-sustaining entity since 1966.

The economic recession that caused the metropolitan area of Las Vegas to experience significant declines in several key economic areas, has begun to show signs of a slow but steady recovery in 2011. For the first eight months of 2011, the visitor volume to Las Vegas has increased by 4.7 percent over the same period one year ago. Through August of 2011, 26.2 million visitors made their way to Las Vegas as compared to 25.1 million for the first eight months of 2010. In CY 2009, the Las Vegas metropolitan area's population increased by 1.0 percent exceeding the 2 million according to the U.S. Census Bureau. In 2010, the population has increased by 1.5 percent over the previous year. Convention attendance for the first eight months of 2011 is up 6.4 percent over the same period in 2010 to over 3.4 million delegates. The number of conventions in the first eight months of 2011 increased 2.9 percent over the previous year. Clark County gaming revenues for the first eight months of 2011 are up slightly over the same period a year ago by 3.7 percent. Through August of 2011, gaming revenues in Clark County totaled \$6.1 billion.



Clark County Board of Commissioners

Susan Broger, Chair • Steve Sisolak, Vice-Chair

Larry Brown • Tom Collins • Chris Giunchigliani • Mary Beth Scow • Lawrence Weidly

Hotel/Motel occupancy rates were down from 81.5 percent in CY 2009 to 80.4 percent for CY 2010. For the first eight months of CY 2011, the hotel/motel occupancy rate was increased to 85.2 percent.

The Airport System, which brought nearly 41% of the visitors to the area in CY 2010, experienced its first fiscal year of passenger increases since FY 2007. Enplanements for FY 2011 were up 1.6 percent over FY 2010 enplanements. The Airport had experienced several years of decreases since its peak in FY 2007 which were due directly to the economic downturn, in addition to US Airways discontinuing their hubbing operations at the Airport. For the first eight months of CY 2011 total passenger enplanements increased 3.7 percent over the same period one year ago.

Airline generated revenues for FY 2011 increased from FY 2010 by 14.5 percent. Non-aeronautical revenues for FY 2011 were up 3.9 percent over FY 2010 levels. Operating revenues at the Airport increased from \$362.5 million in FY 2010 to \$392.6 million in FY 2011. Operating expenses decreased 4.5 percent over FY 2010 levels from \$227.7 million in FY 2010 to \$217.4 million in FY 2011, a decrease of \$10.3 million. The increase in operating revenues can primarily be attributed to the increase in passenger volume coupled with increases in fees. The decrease in operating expenses is attributed to strict cost containment measures that were implemented in late FY 2009 and have continued through FY 2010 and FY 2011.

The Airport System management is responsible for the accuracy of the data presented in the financial statements along with the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge, and as indicated in the opinion of our independent auditors, this report fairly presents and fully discloses, in all material respects, the Airport System's financial position, results of operations and cash flows in accordance with accounting principles generally accepted (GAAP) in the United States of America.

In developing and evaluating the Airport System accounting system, consideration is given to the adequacy of internal control. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with GAAP. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the evaluation of costs and benefits requires estimates and judgments by management. Airport System management believes that the Department's internal control processes adequately safeguard assets and provide reasonable assurance that financial transactions are recorded properly.

This letter of transmittal should be read in conjunction with the management's discussion and analysis contained in the Financial Section.

The extraordinary success of the Clark County Department of Aviation is a direct result of the leadership and support of the Clark County Board of Commissioners and County Manager. Also recognized for making a tremendous effort in promoting the success of the Airport System are the employees of the Department and the airlines and other tenants of the Airport System.

We thank the Clark County Board of Commissioners for its continuing support of the Department of Aviation and its efforts to conduct its financial operations in a responsible and progressive manner, and for making the Airport a global leader in its industry.

The preparation of this report is due to the dedicated service and professionalism of the Department's finance staff. We also thank all members of the Department staff who contributed to the preparation of this CAFR.

Sincerely submitted:



Randall H. Walker
Director of Aviation



Joseph M. Piurkowski
Acting Assistant Director – Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Clark County
Department of Aviation
Nevada

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 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.



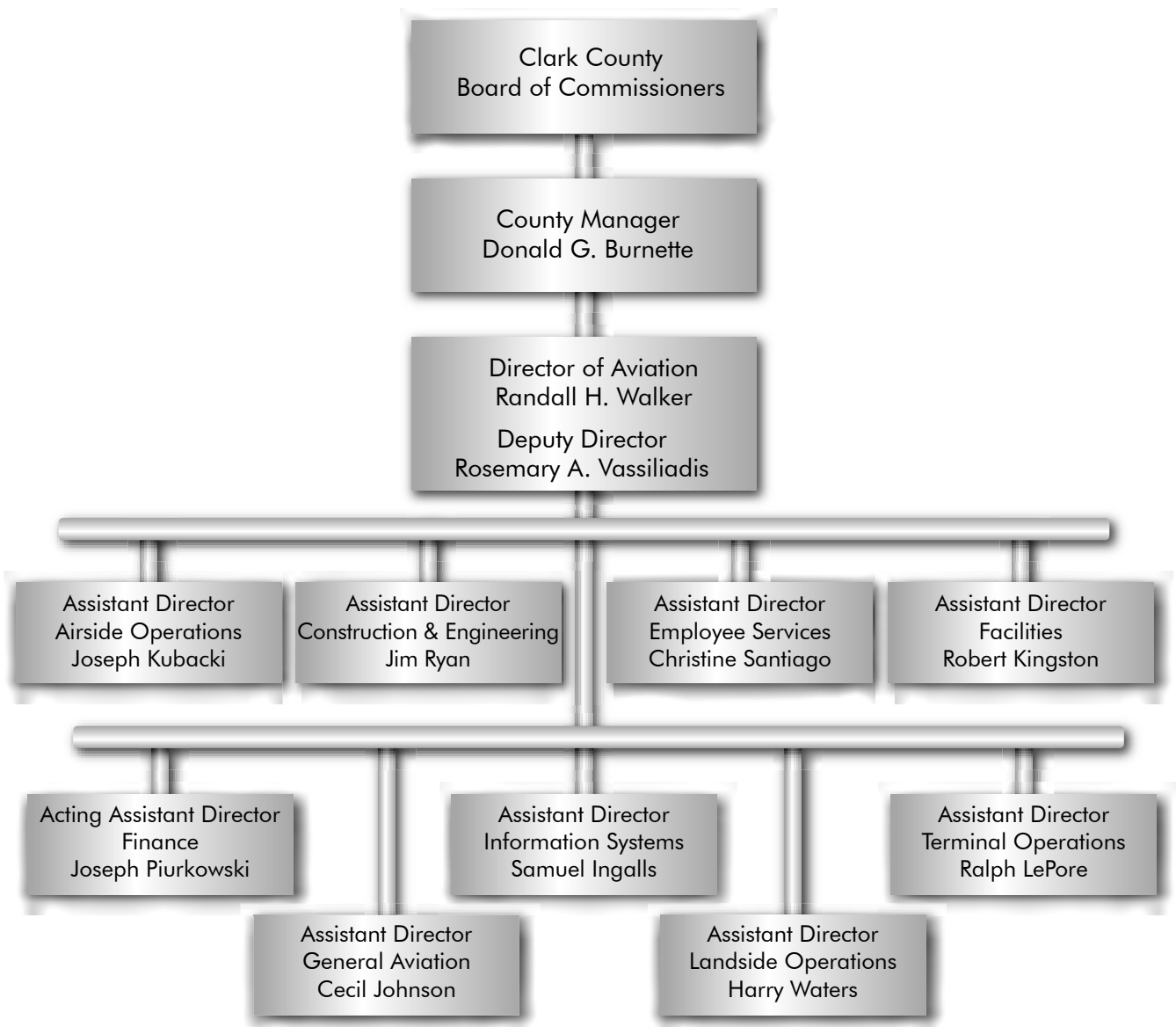
President

Executive Director

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA

ORGANIZATION CHART

As of June 30, 2011



Financial Section





KAFOURY, ARMSTRONG & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS
INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of County Commissioners
Clark County Department of Aviation
Clark County, Nevada

We have audited the accompanying financial statements of Clark County Department of Aviation, Clark County, Nevada (the "Department"), as of and for the years ended June 30, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the Department's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Department and do not purport to, and do not, present fairly the financial position of Clark County, Nevada as of June 30, 2011 and 2010, and the changes in its financial position, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Department as of June 30, 2011 and 2010, and the changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2011, on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United State of America require that the management's discussion and analysis and schedule of funding progress information on pages 8 through 26 and page 87, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the MD&A and schedule of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the Department's financial statements. The introductory section, supplementary information and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Kafoury, Armstrong & Co.

Las Vegas, Nevada
December 21, 2011

Management's Discussion and Analysis

The following is management's discussion and analysis (MD&A) of the financial performance and activity of the Clark County Department of Aviation (the Department), a department of Clark County, Nevada (the County) which is responsible for the operation of the following County owned aviation facilities; McCarran International Airport (the Airport); North Las Vegas Airport; Henderson Executive Airport; Jean Sports Aviation Center; and Overton-Perkins Field (collectively referred to as the Airport System). The following MD&A provides an introduction to and understanding of financial statements of the Department for the fiscal years ended June 30, 2011, and 2010, with selected comparisons to prior fiscal periods. The information presented should be read in conjunction with the financial statements and accompanying notes in this report.

Introduction

Airport Activity Highlights

For the fiscal year (FY) ended June 30, 2011, passenger enplanements totaled 20,266,091 compared to 19,952,800 in FY 2010 and 20,739,408 in FY 2009. The FY 2011 enplanements represent an increase of 1.6 percent from FY 2010. By comparison, according to Bureau of Transportation Statistics, domestic and international U.S. airline passenger traffic for the same 12-month period ended June 30, 2011, increased 2.3 percent over the prior 12-month period.

Aircraft landed weights in FY 2011 totaled 24,288,033 thousand pounds, compared to 24,306,053 thousand pounds in FY 2010 and 25,973,079 in FY 2009. The FY 2011 landed weights represent a 0.1 percent decrease over FY 2010. The number of departures for domestic and international flights increased 2.6 percent over the prior fiscal year from 218,706 operations in FY 2010 to 224,386 in FY 2011.

The following presents the Airport activities for FY 2011 and the previous nine fiscal periods:

Passenger and Operating Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Aircraft Operations Departures	Percentage of Increase/Decrease	Landed Weight (Pounds per 000)	Percentage of Increase/Decrease	Total Enplaned Passengers	Percentage of Increase/Decrease	Cargo Tons	Percentage of Increase/Decrease
2002	179,564		23,587,166		16,945,697		88,289	
2003	179,223	-0.2%	23,074,743	-2.2%	17,641,500	4.1%	89,498	1.4%
2004	193,860	8.2%	24,878,724	7.8%	19,449,065	10.2%	92,857	3.8%
2005	213,035	9.9%	27,066,272	8.8%	21,439,652	10.2%	107,252	15.5%
2006	227,445	6.8%	27,526,493	1.7%	22,546,814	5.2%	112,352	4.8%
2007	257,743	13.3%	28,831,044	4.7%	23,628,484	4.8%	104,761	-6.8%
2008	260,343	1.0%	28,941,564	0.4%	23,525,862	-0.4%	100,929	-3.7%
2009	230,925	-11.3%	25,973,079	-10.3%	20,739,408	-11.8%	90,746	-10.1%
2010	218,706	-5.3%	24,306,053	-6.4%	19,952,800	-3.8%	90,248	-0.5%
2011	224,386	2.6%	24,288,033	-0.1%	20,266,091	1.6%	95,480	5.8%
Average Annual Increase	2.5%		0.3%		2.0%		0.9%	

Airline Rates and Charges

Effective July 1, 2010, the Department entered into a new Airline – Airport Use and Lease Agreement (the Agreement) with the signatory airlines serving the Las Vegas market, which has a term of five years and incorporates the lease and use of the terminal complex, apron areas, and airfield at the Airport. The Agreement establishes a “residual” rate-making methodology for the Airport System through both direct and indirect cost centers. The net revenues or net expenses of each indirect cost center are reallocated, as specified in the Agreement, to direct cost centers to establish a residual rate making approach for calculating landing fees, terminal building rental rates, and gate use fees. The net cash flows from the Airport’s gaming fees and the consolidated rental car facility are set aside in a capital improvement account, the balance of which may be used to pay the costs of future capital projects or pay down outstanding airport system debt. Capital projects funded from the capital improvement account are amortized back to the associated cost center on a straight line basis over the asset’s useful life and included in the residual rental rate at 50% of the amortized amount. The Agreement provides for non-signatory carriers to pay a premium rate of 25% on all terminal rentals and gate use fees. As of June 30, 2011, nineteen (19) carriers serving the Airport have executed the Agreement.

Rates and charges are calculated annually at the beginning of each fiscal year pursuant to budgeted revenues, expenses, and debt service requirements. The established rates and charges are reviewed and adjusted, if necessary, throughout each fiscal year to ensure that sufficient Airport System revenues are generated to satisfy all of the requirements of the Master Indenture of Trust dated May 1, 2003, as amended. At the end of each fiscal year, the Department compares the revenues collected through the established rates and charges and compares them to the residual rent requirement for each direct cost center. If the revenue collected from the signatory airlines exceeds the residual rental requirement, excess amounts are maintained in a rate stabilization account (up to a maximum of eighteen and one-half percent (18.5%) of the current FY operating budget). The balance in the rate stabilization account may be used for the purpose of; funding any residual rental shortfalls in future fiscal years; recovering any uncollected amounts related to an airline bankruptcy or discontinued service; or paying down outstanding airport system debt.

At close of each fiscal year, audited financial data in conjunction with the balance in the rate stabilization account will be used to determine if any additional amount is due to or due from the signatory airlines in accordance with the Agreement. In the event of an overpayment the Department will refund such overpayment to the signatory airlines; or in the event of an underpayment the Department will invoice the signatory airlines such underpayment within thirty (30) days of such determination. For the fiscal year ended June 30, 2011, there was no additional amount due to or from the signatory airlines.

The table below summarizes passenger airline terminal building rentals, landing fees, and gate use fees and the cost per enplaned passenger for FY 2011 and FY 2010. Cost per enplaned passenger is a standard industry measurement, and the goal of the Department is to maintain a competitive cost per enplanement at the Airport. The actual cost per enplanement for FY 2011 was \$8.50, compared to the budget estimate of \$8.42. The actual cost per enplanement for FY 2011 includes \$6.3 million deposited to the capital improvement account or an additional \$0.31 of cost per enplaned passenger that was not factored into the budget estimate.

Passenger Airline Costs
For the fiscal years (FY) ended June 30,

Airline Cost Category	FY 2011 Actuals (000)	FY 2011 Budget (000)	FY 2010 Actuals (000)	FY 2011 Budget vs. Actuals (000)	FY 2011 vs. FY 2010 Actuals (000)
Landing Fees	\$ 57,655	\$ 58,488	\$ 51,722	\$ (833)	\$ 5,934
Terminal Building Rentals	79,966	78,663	66,947	1,303	13,019
Gate Use Fees	22,169	19,985	16,925	2,184	5,244
Passenger Fee - Ticketing & CIT	12,487	10,239	9,045	2,248	3,441
Baggage Handling System	-	-	5,795	-	(5,795)
Total Airline Fees and Charges	<u>\$ 172,277</u>	<u>\$ 167,375</u>	<u>\$ 150,433</u>	<u>\$ 4,902</u>	<u>\$ 21,844</u>
Enplaned Passengers	<u>20,266</u>	<u>19,887</u>	<u>19,953</u>	<u>379</u>	<u>313</u>
Cost per Enplaned Passenger	<u>\$ 8.50</u>	<u>\$ 8.42</u>	<u>\$ 7.54</u>	<u>\$ 0.08</u>	<u>\$ 0.96</u>

Overview of Financial Statement

The Airport System's financial statements are prepared using the accrual basis of accounting. Therefore, revenue is recognized when earned and expenses are recognized when incurred. Capital assets are capitalized when substantially complete and depreciated over their estimated useful lives. Refer to Note 1 in the accompanying financial statement for a summary of the Department's significant accounting policies. Following this MD&A are the financial statements, notes to the financial statements, required supplementary information (RSI) and supplemental schedules of the Airport System. These statements, notes, RSI, and schedules, along with the MD&A, are designed to provide the readers with an understanding of the Airport System's financial position.

The statement of net assets presents information on all of the Airport System's assets and liabilities as of June 30, 2011 and 2010. The statement of revenue, expenses, and changes in net assets presents financial information showing how the Airport System's net assets changed during the fiscal years ended June 30, 2011 and 2010. The statement of cash flows relates to the cash and cash equivalent in-flows and out-flows as a result of financial transactions during the two fiscal years and also includes a reconciliation of operating income to the net cash provided by operating activities.

Financial Highlights

Net Asset Summary

Net assets serve as an indicator of the Airport System's financial position. As of June 30, 2011, the Airport System's assets and deferred outflows exceed liabilities and deferred inflows by \$1,545 million, approximately \$30.3 million more than in FY 2010. As of FY 2010, the assets and deferred outflows exceeded liabilities and deferred inflows by \$1,514 million for a decrease of \$16.9 million over FY 2009.

A summary of the Airport System's net assets for fiscal years 2011, 2010 and 2009 are shown below:

Statements of Net Assets

June 30, 2011, 2010 and 2009

	FY 2011 (000)	FY 2010 (000)	FY 2009 (000)	Change 2011 to 2010	Change 2010 to 2009
Assets and Deferred Outflows:					
Current Assets	\$ 1,364,078	\$ 1,881,312	\$ 1,160,820	\$ (517,234)	\$ 720,492
Capital Assets, net	5,007,016	4,540,216	3,745,590	466,800	794,626
Other Noncurrent Assets	247,401	235,644	206,489	11,757	29,155
Total Assets	6,618,495	6,657,172	5,112,899	(38,677)	1,544,273
Deferred outflows	93,685	147,534	132,089	(53,849)	15,445
Total Assets and Deferred Outflows	\$ 6,712,180	\$ 6,804,706	\$ 5,244,988	\$ (92,526)	\$ 1,559,718
Liabilities, Deferred Inflows, and Net Assets:					
Current Liabilities	\$ 522,344	\$ 387,858	\$ 521,049	\$ 134,486	\$ (133,191)
Noncurrent Liabilities	4,644,790	4,902,542	3,171,715	(257,752)	1,730,827
Total Liabilities	5,167,134	5,290,400	3,692,764	(123,266)	1,597,636
Deferred inflows	478	-	20,984	478	(20,984)
Net Assets:					
Invested in Capital Assets, net of related debt	915,133	988,517	1,097,789	(73,384)	(109,272)
Restricted	359,687	345,487	236,598	14,200	108,889
Unrestricted	269,748	180,302	196,853	89,446	(16,551)
Total Net Assets	1,544,568	1,514,306	1,531,240	30,262	(16,934)
Total Liabilities, Deferred Inflows, and Net Assets	\$ 6,712,180	\$ 6,804,706	\$ 5,244,988	\$ (92,526)	\$ 1,559,718
Changes to Net Assets:					
Operating Revenues	\$ 392,554	\$ 362,451	\$ 379,215	\$ 30,103	\$ (16,764)
Operating Expenses	(217,353)	(227,694)	(244,396)	10,341	16,702
Depreciation and Amortization	(136,104)	(134,369)	(122,688)	(1,735)	(11,681)
Net non-operating revenue (expense)	(25,596)	(40,236)	(40,369)	14,640	133
Capital Contributions	16,761	22,914	41,235	(6,153)	(18,321)
Total Net Change in Net Assets	\$ 30,262	\$ (16,934)	\$ 12,997	\$ 47,196	\$ (29,931)

Current and Restricted Assets

The Airport System's unrestricted current assets for FY 2011 increased by \$57.5 million from FY 2010, primarily due to an increase of \$45.3 million in unrestricted cash and cash equivalents as of June 30, 2011. Unrestricted cash and cash equivalents increased during FY 2011 by \$45.3 million as additional cash was provided by operating activities.. Also contributing to the increase in unrestricted cash was an increase in the capital improvement account as deposits exceeded expenditures by \$19.4 million. Unrestricted accounts receivable increased by \$8.7 million due mainly from increases in outstanding airline receivables.

The Airport System's unrestricted current assets for FY 2010 decreased by \$32.9 million from FY 2009, primarily due to a decrease of \$38.1 million in unrestricted cash and cash equivalents as of June 30, 2010. Unrestricted cash and cash equivalents decreased during FY 2010 due to increased funding of airport improvement projects of \$40.2 million with unrestricted cash. In addition, unrestricted accounts receivable increased by \$5.9 million.

Restricted assets decreased in FY 2011 by \$589.1 million over FY 2010. Restricted cash, cash equivalents and investments decreased \$645.9 million in FY 2011 due primarily to the acquisition and construction of capital assets associated with the Terminal 3 construction project. The change can also be attributed to an increase in securities lending assets of \$59.0 million.

Restricted assets increased in FY 2010 by \$764.1 million over FY 2009. Restricted cash, cash equivalents and investments increased \$846.3 million in FY 2010 due primarily to the issuance of \$2.2 billion in new bonds and notes to finance the Terminal 3 construction project. The change can also be attributed to a decrease in securities lending assets of \$83.5 million.

Capital Assets

For FY 2011, capital assets, net of depreciation, increased by \$466.8 million, or 10.3 percent, over FY 2010. This increase was due, in part, to the completion of approximately \$106.2 million in certain improvements, including Taxiway G Rehabilitation; Phase I of the C Gate Apron Rehabilitation; T3 Apron Expansion; Baggage Handling Node Expansion; Baggage Handling Carousels in Terminals 1 and 2; Automated Parking Revenue Equipment and various equipment purchases. Another reason for the increase is the continuation of construction of Terminal 3. Through June 30, 2011, the Airport has spent \$2.1 billion on this project. The Terminal 3 project is estimated to be completed in June 2012. Refer to Note 6, Changes in Capital Assets, for more detail relating to the Airport System's capital assets.

For FY 2010, capital assets, net of depreciation, increased by \$794.6 million, or 21.2 percent, over FY 2009. This increase was due, in part, to the completion of \$157.7 million in improvements, including the purchase of land for the proposed heliport; relocation of the airport control center; completion of the Terminal 3 central plant which serves both Terminal 3 and Concourse D; and various equipment purchases to name a few. Another reason for the increase is the continuation of construction of Terminal 3. Through June 30, 2010, the Airport has spent \$1.4 billion on this project, with a revised project budget of \$2.4 billion. The Terminal 3 project is estimated to be completed in June 2012. Refer to Note 6, Changes in Capital Assets, for more detail relating to the Airport System's capital assets.

Noncurrent assets

The Airport System noncurrent assets consist of deferred charges associated with various bond issuances; the amortization of the consolidated rental car facility lease costs; restricted investments with a maturity greater than one year; amounts due from the signatory airlines; and the fair value of the Airport System interest rate swaps.

Deferred charges consist of bond issuance costs for each issuance of bonds. These costs are being amortized over the bond maturity period. The balance of deferred charges for FY 2011 increased \$5.7 million over FY 2010.

With regard to the amounts due from the signatory airlines at the end of FY 2011, the Department recorded receivables of \$15.0 million, \$31.5 million, and \$4.2 million for the fiscal years ended June 30, 2008, 2009, and 2010, respectively. Due to the continuing financial hardships the airline industry experienced with the decline in passenger traffic, the Department and the Airlines agreed to defer collection on these receivables until FY 2012. For FY 2011, no additional amount was due to or due from the signatory airlines in accordance with the new Agreement and the Department was able to deposit \$9.4 million to the rate stabilization account.

Restricted investments represent investments held for capital improvements, debt service, and debt service reserves with Bank of New York Mellon (Trustee). Total non-current restricted investments decreased from \$89.2 million in FY 2010 to \$74.8 million in FY 2011, a decrease of \$14.4 million. Refer to Note 2, Cash and Investments, for more detail relating to the Airport System's restricted investments.

Under the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, the Department is required to record the changes in the fair value of the interest rate swaps at each fiscal year-end. During FY 2011 the fair value of the Department's interest rate swaps increased from \$28.4 million at the end of FY 2010 to \$48.9 million in FY 2011, an increase of \$20.5 million. Refer to Note 9, Derivative Instruments for more detail relating to the Airport System's interest rate swaps.

Current and Noncurrent Liabilities

At June 30, 2011, current liabilities payable from unrestricted assets decreased \$5.2 million from FY 2010. This decrease is attributable to decreases in accounts payable and deferred income of \$5.4 million off-set by a slight increase in accrued expenses of \$0.2 million. Current liabilities payable from restricted assets increased by \$139.7 million from FY 2010 due largely to the decrease in accounts payable of \$39.4 million due to less outstanding payables related to the Airport's capital program; an increase in accrued interest of \$15.7 million related to the issuance of additional bond principal in FY 2010; an increase in securities lending liabilities of \$58.3 million; and an increase in the current principal portion due on long-term debt of \$105.1 million.

Noncurrent liabilities for FY 2011 decreased by \$257.8 million over FY 2010, due largely to the decrease in long-term portion of debt of \$194.3 million of which \$191.3 million became reclassified as current. Non-current liabilities also include the fair value of the interest rate swaps at June 30, 2011, which decreased from \$171.2 million at the end of FY 2010 to \$97.6 million in FY 2011, a decrease of \$73.6 million from FY 2010. Refer to Note 9, Derivative Instruments for more detail relating to the Airport System's interest rate swaps. Other postemployment benefits increased by \$10.1 million from \$16.3 million in FY 2010 to \$26.4 million in FY 2011. Refer to Note 5, Retirement Plan for more detail related to other postemployment benefit costs.

Highlights of Changes in Net Assets

The following is a condensed summary of net assets for FY 2011, 2010, and 2009:

Net Assets

As of June 30, 2011, 2010, and 2009

Net assets	FY 2011 (000)	FY 2010 (000)	FY 2009 (000)
Invested in capital assets, net of related debt	\$ 915,133	\$ 988,517	\$ 1,097,789
Restricted net assets:			
Capital Projects	223,848	190,783	115,568
Debt Service	106,416	134,603	86,460
Other	29,423	20,101	34,570
Total restricted	359,687	345,487	236,598
Unrestricted net assets	269,748	180,302	196,853
Total net assets	<u>\$ 1,544,568</u>	<u>\$ 1,514,306</u>	<u>\$ 1,531,240</u>

Discussion of FY 2011 Operating Revenues

The following table is a summary of the Operating Revenues at the Airport for the fiscal years ending June 30, 2011, 2010, and 2009. Significant variances are explained below.

Operating Revenue Fiscal Years 2011, 2010 and 2009

Operating Revenue Category	FY 2011 (000)	FY 2010 (000)	FY 2009 (000)	Percentage Change 2011 - 2010	Percentage Change 2010 - 2009
Terminal building and use fees	\$ 100,015	\$ 88,969	\$ 93,156	12.4%	-4.5%
Landing fees and other aircraft fees	63,275	56,943	56,537	11.1%	0.7%
Terminal concession fees	53,023	51,925	53,247	2.1%	-2.5%
Rental car facility fees	32,206	30,825	29,697	4.5%	3.8%
Public and employee parking fees	28,326	26,618	27,490	6.4%	-3.2%
Gaming fees	25,908	25,659	30,573	1.0%	-16.1%
Rental car concession fees	27,274	25,160	28,117	8.4%	-10.5%
Ground rents and use fees	18,578	18,828	17,708	-1.3%	6.3%
Gate use fees	23,606	18,468	21,332	27.8%	-13.4%
Ground transportation fees	13,340	12,699	12,325	5.0%	3.0%
General aviation fuel sales (net of cost)	4,158	4,259	2,609	-2.4%	63.2%
Other operating income	2,845	2,098	6,424	35.6%	-67.3%
	<u>\$ 392,554</u>	<u>\$ 362,451</u>	<u>\$ 379,215</u>	<u>8.3%</u>	<u>-4.4%</u>

The new Agreement with the signatory airlines establishes a "residual" rate-making methodology for the Airport System through various cost centers to establish a residual rental requirement in calculating a rate for landing fees, terminal building rental rates, and gate use fees. The residual rental requirement is determined by the allocation of operating expenses and debt service of the Airport System to various cost centers and those costs which are not recovered from revenues generated by non-airline and non-signatory airline sources are to be recovered through signatory airline landing fees, terminal building rental rates, and gate use fees.

For FY 2011, airline revenues accounted for 43.9 percent of all operating revenues. Airline revenues totaled \$172.3 million of the total operating revenues and non-airline revenues totaled \$220.3 million. For FY 2011, the airline landing fees were \$57.7 million as compared to \$51.7 million in FY 2010, an increase of \$5.9 million or 11.5 percent. This increase can be attributed to an increase in the landing fee due to the change in the rate making methodology under the new Agreement.

Terminal building and use fees consist of signatory and non-signatory ticketing areas, baggage systems, baggage claim, gate use fees, common use fees, and hold rooms along with certain operation and storage areas. The new Agreement requires that the terminal building rentals are set each fiscal year based on a residual rate making approach of leased space for FY 2011. The terminal and building use fees were up from \$89.0 million in FY 2010 to \$100.0 million in FY 2011, a 12.4 percent increase. The terminal rental rate went from \$79.33 per square foot in FY 2010 to \$116.67 per square foot in FY 2011 which mainly contributed to the \$11.0 million increase. The increase in the rental rate was attributed to the change from a compensatory rate making model to a residual rate making model for the terminal complex, as well as, an overall decrease in the amount of leased space. Gate use fees were up from \$18.5 million in FY 2010 to \$23.6 million in FY 2011, an increase of 27.8 percent. The increased rental rate was attributed to the change from a compensatory rate making model to a residual rate making model for the apron areas. Increases in the FY 2011 airline landing fee rate, terminal building rentals, and gate use fees can also be attributed to the inclusion of 50 percent amortization on assets acquired with the capital improvement account, in the residual rental rate. The total amortization amount collected during FY 2011 totaled \$15.7 million of which \$9.4 million was deposited to the rate stabilization account (50 percent included in the residual rental rates) and the remaining \$6.3 million was re-deposited into the capital improvement account, as provided by in the new Agreement.

Non-airline revenues, consisting primarily of concession related fees, increased from \$212.0 million in FY 2010 to \$220.3 million in FY 2011, an increase of 3.9 percent. The largest source of non-airline revenues are terminal concession fees, which are generated from an agreed upon percentage of gross sales from various concessionaires, including food and beverage, news/gift, specialty retail, advertising, and passenger services. Percentage rents paid to the Airport from terminal concessionaires in FY 2011 increased from \$51.9 million in FY 2010 to \$53.0 in FY 2011, an increase of 2.1 percent. Revenues from terminal food/beverage sales increased 0.3 percent over FY 2010 from \$14.6 million to \$14.7 million due mainly to the slight increase in passenger traffic. Revenues from news/gift and specialty retail sales also increased from \$19.8 million in FY 2010 to \$ 20.8 million in FY 2011 due to a combination of increased percentage rental rates being assessed the news/gift concessionaire and the continued introduction of nationally branded specialty retail. In-terminal advertising during FY 2011 was down by 0.5 percent for a total of \$12.9 million. This decrease is a direct result of the economic downturn whereby many advertising budgets were significantly cut back in FY 2010; however, advertising has shown positive signs of recovery in the later half of the FY 2011. Passenger services in the terminal increased 4.5 percent from \$2.4 million in FY 2010 to \$2.5 million in FY 2011 due to mainly to the slight increase in passenger traffic.

Building rentals associated with the consolidated rental car facility increased during FY 2011 from \$30.8 million to \$32.2 million, an increase of 4.5 percent. Operating and maintenance costs for this facility were approximately the same as the prior fiscal year; however, the annual rental requirement increased 3.9 percent in FY 2011 as an annual increase to the facility reserves was made to fund future major repairs and replacements. Building rents are paid from the car rental companies that occupy the facility together with the proceeds of a \$3.75 Customer Facility Charge (CFC) which is collected by the car rental companies from car rental customers for each day they rent a car. For FY 2011, the car rental companies paid \$7.2 million in space rental payments and CFC revenue for FY 2011 totaled \$25.0 million. The increase in CFC revenue was due to an increase from \$3.25 to \$3.75 in the daily CFC rental rate; in addition, the number of rental transaction days increased 2.0 percent from the prior year.

Total parking revenues at the Airport during FY 2011 increased by 6.4 percent over FY 2010. Public parking products at the Airport include short and long term parking in a 6,000 space parking structure, economy parking at a remote surface parking lot, and valet parking. Public parking revenue from short-term, long-term and economy parking increased by 7.3 percent due to a parking rate increase that occurred in the first quarter of FY 2010 and a change in the short term parking system as coin

operated meters were removed and incorporated into the ticketing system associated with the Airport's new automated parking revenue control system. Parking revenues for FY 2011 from these sources totaled \$22.6 million versus \$21.1 million in FY 2010. Valet parking revenue for FY 2011 increased by 5.4 percent from \$2.8 million to \$2.9 million, and Employee parking for FY 2011 increased slightly from \$2.4 million to \$2.5 million an increase of 5.8 percent. These increases can be attributed to the slight increase in passenger traffic and the rate increases.

Gaming revenue at the Airport during FY 2011 increased by 1.0 percent over FY 2010 from \$25.7 million to \$25.9 million. Gaming revenue is derived from approximately 1,200 slot machines placed throughout the terminals. The increase in gaming revenue can be attributed to the slight increase in passenger traffic. The Airport is continually working with the slot concessionaire to implement several initiatives to improve the slot revenue, including installing more state-of-the-art machines and relocating machines to higher traffic areas.

Percentage rents paid to the Airport from the rental car companies during FY 2011 increased from \$25.2 million in FY 2010 to \$27.3 million in FY 2011, an increase of 8.4 percent. Approximately \$1.9 million of this increase can be attributed to adjustments to minimum annual rent guarantees included in the rental car company agreements and the fact that rents collected during FY 2010 were decreased based on activity attributed to FY 2009. Actual increases in sales during FY 2011 totaled approximately 0.9 percent which is more in line with the slight increase in passenger traffic during FY 2011.

Ground rentals paid to the Airport from private hangar tenants, FBO operators, and concessionaires decreased in FY 2011 from \$18.8 million in FY 2010 to \$18.6 million in FY 2011, a decrease of 1.3 percent. This decrease can be attributed to decreases in the land rental revenue concessions leases with private developers and billboards located on Airport System property during FY 2011.

Ground transportation fees paid to the Airport during FY 2011 increased by 5.0 percent from \$12.7 million in FY 2010 to \$13.3 million in FY 2011. Ground transportation fees consist of percentage fees or trip charges paid to the Airport by limousine operators, courtesy van and bus operators, and taxicabs. Taxi cab trip fee revenues increased from \$5.3 million to \$5.8 million, an increase of 8.9 percent. This increase can be attributed to the increase in the number of trips including the addition of a per trip charge at the Consolidated Rental Car Facility. Limousine percentage fees increased by 0.9 percent during FY 2011 at \$6.6 million which is more in line with the slight increase in passenger traffic during FY 2011.

Discussion of FY 2010 Operating Revenues

For FY 2010, airline revenues accounted for 41.5 percent of all operating revenues. Airline revenues totaled \$150.4 million of the total operating revenues and non-airline revenues totaled \$212.1 million. For FY 2010, the airline landing fees were \$41.7 million as compared to \$46.2 million in FY 2009, a decrease of \$4.5 million or 9.6 percent. This decrease can be attributed to a combination of lower non-airline revenues (down 9.5 percent), lower operating and maintenance expenses (down 7.7 percent), higher debt service expenses (up 19.6 percent) and lower landed weights (down 8.5 percent). Terminal building and use fees consist of signatory and non-signatory ticketing areas, baggage systems, baggage claim, gate use fees, common use fees, and hold rooms along with certain operation and storage areas. The terminal building rentals are set each fiscal year based on a compensatory rate making approach and for FY 2010 the terminal and building use fees were down from \$93.2 million in FY 2009 to \$89.0 million in FY 2010, a 4.5 percent reduction. The terminal rental rate went from \$86.35 per square foot in FY 2009 to \$79.33 per square foot in FY 2010. This decrease can be attributed a 10.4 percent reduction of the terminal building operating expenses and allocated debt service costs. Gate use fees were down from \$21.3 million in FY 2009 to \$18.5

million in FY 2010, a reduction of 13.4 percent. The decrease can be attributed to a decrease in operating expenses allocated to the Apron Area of 10.4 percent. Reductions in the FY 2010 airline landing fee rate, terminal building rentals and gate use fees can also be attributed to the Airport's decision to not allocate any amortization in FY 2010 on assets acquired with capital improvement account in order to keep actual rates and charges at the Airport as close to budgeted as possible. The amortization forgiven during FY 2010 totaled \$17.2 million.

Non-airline revenues, consisting primarily of concession related fees, decreased during FY 2010 vs. FY 2009 from \$220.2 million to \$212.1million, a decrease of 3.7 percent. The largest source of non-airline revenues are terminal concession fees which are generated from an agreed upon percentage of gross sales from various concessionaires, including food and beverage, news/gift, specialty retail, advertising, and passenger services. Percentage rents paid to the Airport from terminal concessionaires in FY 2010 decreased from \$53.2 million in FY 2009 to \$51.9 in FY 2010, a reduction of 2.5 percent. However, revenues from terminal food/beverage sales increased 2.2 percent over FY 2009 from \$14.3 million to \$14.6 million due to the introduction of more nationally branded food/beverage concepts throughout the terminal. Revenues from news/gift and specialty retail sales also increased from \$19.3 million in FY 2009 to \$ 19.7 million in FY 2010 due to a combination of increased percentage rental rates being assessed the news/gift concessionaire and the continued introduction of nationally branded specialty retail. In-terminal advertising during FY 2010 decreased by 10.4 percent from \$14.4 million to \$12.9 million. This decrease is a direct result of the economic downturn whereby many advertising budgets were significantly cut back in FY 2010. Passenger services in the terminal during FY 2010 decreased 14.5 percent from \$2.8 million to \$2.4 million due again to the downturn in the economy and less firms doing special promotions.

Building rentals associated with the consolidated rental car facility increased during FY 2010 from \$29.7 million to \$30.8, an increase of 3.8 percent. This increase can be attributed to increases in operating and maintenance costs for this facility. Building rents are paid from the car rental companies that occupy the facility together with the proceeds of a \$3.25 Customer Facility Charge which is collected by the car rental companies from the car rental customers for each day they rent a car. For FY 2010 the car rental companies paid \$10.2 million in rental payments and the Customer Facility Charges for FY 2010 totaled \$20.6 million.

Parking revenues at the Airport during FY 2010 decreased by 3.2 percent over FY 2009. Parking products at the Airport include short and long term parking in a 6,000 space parking structure, economy parking at a remote surface parking lot, and valet parking. Although passenger traffic was down 3.8 percent, parking revenue from short-term, long-term and economy parking decreased by 0.2 percent due to a parking rate increase in September of 2009. Parking revenues for FY 2010 from these sources totaled \$19.8 million. Valet parking revenue for FY 2010 decreased by 7.8 percent from \$3.0 million to \$2.8 million. This decrease can be attributed to the downturn in the economy and less business travelers using valet services. Employee parking for FY 2010 increased slightly from \$2.3 to \$2.4 million. This can be attributed to an increase in the Southwest Airline crew base during FY 2010.

Gaming revenue at the Airport during FY 2010 decreased by 16.1 percent over FY 2009 from \$30.6 million to \$25.7 million. Gaming revenue is derived from approximately 1,200 slot machines being placed throughout the terminals. The decrease in gaming revenue can be attributed to several factors, including but not necessarily limited to, the general downturn in the economy, the discontinuation of the late night hubbing activities at the Airport, and the discontinuation of smoking in the terminal. The Airport is currently working very closely with the slot concessionaire to implement several initiatives to improve the slot revenue including installing more state-of-the-art machines, and relocating machines to high traffic areas.

Percentage rents paid to the airport from the rental car companies during FY 2010 decreased from \$28.1 million in FY 2009 to \$25.2 million in FY 2010, a decrease of 10.5 percent. Approximately \$2.0 million of this decrease can be attributed to adjustments to the rental car minimum annual guarantees during FY 2010 that were attributed to activity in FY 2009. Actual decreases in sales during FY 2010 totaled around 4.0 percent which is more in line with the reduction in passenger traffic during FY 2010.

Land rentals paid to the Airport from private hangar tenants, FBO operators, and concessionaires increased in FY 2010 from \$17.7 million in FY 2009 to \$18.8 million in FY 2010. This increase can be attributed to increases in the land rental rates during FY 2010.

Ground transportation fees paid to the Airport during FY 2010 increased by 3.0 percent. Ground transportation fees consist of percentage fees or trip charges paid to the Airport by limousine operators, courtesy van and bus operators, and taxicabs. Taxi cab trip fee revenues increased from \$4.9 million to \$5.3 million an increase of 7.6 percent. A majority of this increase can be attributed to the increase in the per trip charge from \$1.20 per trip to \$1.80. This increase occurred in September 2008. Limousine percentage fees stayed flat during FY 2010 at \$6.5 million. This can be attributed to the limousine companies paying their bid minimum annual guarantees for both FY 2009 and FY 2010.

Discussion of FY 2011 Operating Expenses

Operating Expenses
Fiscal Years 2011, 2010 and 2009

Operating Expense Category	FY 2011 (000)	FY 2010 (000)	FY 2009 (000)	Percentage Change 2011 - 2010	Percentage Change 2010 - 2009
Salaries and benefits	\$ 111,186	\$ 109,214	\$ 112,281	1.8%	-2.7%
Professional services	49,203	56,464	64,085	-12.9%	-11.9%
Repairs and maintenance	22,118	22,789	26,123	-2.9%	-12.8%
Utilities and communications	20,199	21,072	22,222	-4.1%	-5.2%
Materials and supplies	9,010	12,905	13,593	-30.2%	-5.1%
Administrative	3,323	2,812	1,406	18.2%	100.0%
Insurance	2,314	2,438	4,686	-5.1%	-48.0%
	<u>\$ 217,353</u>	<u>\$ 227,694</u>	<u>\$ 244,396</u>	<u>-4.5%</u>	<u>-6.8%</u>

For FY 2011, total operating expenses at the Airport decreased by \$10.3 million or 4.5 percent from FY 2010. Most major operating expense categories experienced decreases such as; professional services (down \$7.3 million); repairs and maintenance (down \$0.7 million); utilities and communications (down \$0.9 million); materials and supplies (down \$3.9 million); and insurance (down \$0.1 million). The decreases were offset by increases in the major operating expense categories of salaries and benefits (up \$2.0 million) and administrative costs (up \$0.5 million). The following provides explanations of the changes to the major categories of expenses.

Salaries and benefits are the single largest operating expense at the Department. Salaries and benefits made up over 51.2 percent of the overall Airport System operating expenses in FY 2011. At June 30, 2011, the Department had 1,321 full-time employees and 45 part-time employees. At June 30, 2010, the Department had 1,360 full-time employees and 30 part-time employees. For FY 2011, total salaries and benefits increased by 1.8 percent. However salaries and wages, excluding benefits, decreased by \$1.6 million or 2.2 percent due to a decrease in full time equivalents as the Department continued to maintain its position vacancy freezes. At the end of FY 2011 the Airport had 211 vacancies (a 13.7 percent vacancy factor) as compared to 178 at June 30, 2010 (an 11.6 percent vacancy factor). Management staff received no pay increases during FY 2011 or FY 2010. Employees covered by the union contract were eligible to receive up to a 4.0 percent merit increase during FY 2011.

There was no cost of living increase for FY 2011. In April of 2011, both management staff and employees covered by the union contract agreed to a decrease in pay of 2.0 percent. Benefit costs for FY 2011 were up \$3.6 million or 10.6 percent over FY 2010, mainly due to increases in other post employment benefit retirement costs of \$3.9 million. Other major benefit categories such as employer paid defined benefit plan contributions and group insurance costs were relatively unchanged. Refer to Note 5, Retirement Plan for more detail related to other employee benefit programs and the associated costs.

Professional services during FY 2011 decreased by 12.9 percent or \$7.3 million over FY 2010. As part of the cost containment initiatives implemented in FY 2009, the Department discontinued or reduced outsourcing of services related to various planning studies, security related professional services, cleaning services, and program management services saving close to \$4.4 million in fees. The Department has worked closely with the Las Vegas Metropolitan Police Department to reduce the cost of police enforcement by \$1.2 million and other County Department and Agencies to reduce costs an additional \$0.3 million in FY 2011. During FY 2010, the majority of the height restriction law suites had been settled and legal fees decreased by an additional \$1.8 million in FY 2011. The Department saw a slight increase in systems and software support of \$0.3 million.

Repairs and maintenance expenses for FY 2011 decreased 2.9 percent or \$0.7 million over FY 2010. The majority decrease was related to a \$1.5 million expenditure to repair and replace a large portion of carpeting in the terminal building in FY 2010. In an effort to reduce costs and allocate resources elsewhere the Department chose not to perform a similar major repair and replacement of carpeting in FY 2011. This decrease in cost for FY 2011 was offset by increases in repair and maintenance services costs on various Airport equipment such as the added service cost for the new parking revenue control system.

Utility expenses for FY 2011 decreased over FY 2010 expenses by \$0.9 million or 4.1 percent. By carefully monitoring the usage, the Department was able to realize decreases in most of the major utility categories. Electrical costs were down \$0.6 million or 4.2 percent over FY 2010. Natural gas expenses for FY 2011 were down 18.3 percent from \$1.4 million in FY 2010 to \$1.1 million in FY 2011. Water and sewage costs were down 4.0 percent from \$2.2 million in FY 2010 to \$2.1 million in FY 2011. Trash removal for FY 2011 was down 2.1 percent over FY 2010. Telephone and communication expenses for FY 2011 were up 4.0 percent over FY 2010 levels.

Materials and supplies expense for FY 2011 was down \$3.9 million or 30.2 percent over FY 2010. The majority of this decrease can be attributed to continued cost containment initiatives that were implemented during FY 2009 together with improved warehouse management. Computer software and supplies were down \$1.5 million or 49.4 percent as the Department continued to extend the life cycle and postpone replacement into future periods. Cleaning supplies were down \$0.1 million or 7.5 percent and general operating supplies were down \$0.3 million or 10.0%. The cost of supplying bag tags was down \$2.3 million or 80.5 percent as the Department purchased and issued an initial supply to Airlines when they converted to the next generation of RFID tags.

Administrative expenses increased from \$2.8 million in FY 2010 to \$3.3 in FY 2011. The majority of this increase can be attributed to non-recurring cost of \$0.4 million to relocate some airline tenant operations in the D-gate concourse for the benefit of achieving more efficient operation of the overall Airport facility.

Insurance expenses decreased in FY 2011 by 5.1 percent due to the successful negotiations with insurance brokers to keep rates at previous year amounts along with the very competitive insurance market. The cost of insurance at the Airport went from \$2.4 million in FY 2010 to \$2.3 million in FY 2011.

Discussion of FY 2010 Operating Expenses

For FY 2010, total operating expenses at the Airport decreased by 6.8 percent. The most significant decreases were in the areas of professional services (down \$7.6 million), repairs and maintenance (down \$3.3 million), salaries and benefits (down \$3.0 million) and insurance costs (down \$2.2 million). The following provides explanations of the significant decreases.

Salaries and benefits are the single largest expense at the Department. Salaries and benefits make up over 48.0 percent of the overall Department operating expenses. At June 30, 2010, the Department had 1,360 full-time employees and 30 part-time employees. At June 30, 2009, the Department had 1,433 full-time employees and 12 part-time, a 5.0 percent reduction in full-time employees. For FY 2010, salaries and benefits decreased by 2.7 percent as a result of a partial hiring freeze. At the end of FY 2010 the Airport had 178 vacancies (an 11.6 percent vacancy factor) as compared to 156 at June 30, 2009 (a 9.8 percent vacancy factor). Management staff received no pay increases during FY 2010. For those employees covered by the union contract, those employees were eligible to receive up to a 4.0 percent merit increase during FY 2010. The 3.0 percent cost of living increase for FY 2010 that was due to be effective January 1, 2010, was reduced to 1.0 percent through an agreement between the County and the union. Fringe benefit costs for FY 2010 were up \$2.5 million or 7.8 percent over FY 2009, mainly due to increases in retirement costs of \$3.0 million or 16.2 percent and increases in group insurance costs of \$483 thousand or 4.9 percent.

Professional services during FY 2010 decreased by 11.9 percent or \$7.6 million over FY 2009. As part of the cost containment initiatives for FY 2010, the Department discontinued or reduced outsourcing of services related to various planning studies, security related professional services, cleaning services, and program management services saving close to \$4.3 million in fees. During FY 2010, the majority of the height restriction law suites had been settled and legal fees decreased by \$3.3 million, and with fewer passengers in FY 2010, shuttle services declined by close to \$800 thousand.

Repairs and maintenance expenses for FY 2010 decreased 12.8 percent or \$3.3 million over FY 2009. Nearly all of this decrease can be attributed to the discontinuation of leasing office space off-airport property for the construction management team and the engineering and construction division, these additional rental payments during FY 2009 totaled \$3.3 million.

Utility expenses for FY 2010 decreased over FY 2009 expenses by 5.2 percent or \$1.2 million. All of the utility rates increased during FY 2010; however, as part of the cost containment initiative, the Department increased the cooling temperature in the terminal by four degrees during the summer months and decreased the heating temperature by 4 degrees during the winter months. Although it is difficult to exactly quantify the savings of this initiative, the Department was able to keep electrical costs relatively flat over FY 2009 costs at \$14.3 million. Natural gas expenses for FY 2010 were down 22.9 percent from \$1.8 million in FY 2009 to \$1.4 million in FY 2010. Water and sewage costs were down 12.1 percent from \$2.5 million in FY 2009 to \$2.2 million in FY 2010. Trash removal for FY 2010 was down 15.0 percent over FY 2009. Telephone expenses for FY 2010 were down 6.5 percent over FY 2009 levels.

Materials and supplies expense for FY 2010 was down 5.1 percent over FY 2009. The majority of this decrease can be attributed to the cost containment initiatives that were implemented during FY 2010 together with improved warehouse management. Fuel costs were down 16.3 percent, office supplies were down 40.9 percent, electrical supplies were down 22.6 percent and cleaning supplies were down by 8.0 percent. Increases in materials and supplies occurred in the areas of next generation bag tags (up 151.9 percent), and computer software (up 52.1 percent).

Administrative expenses increased from \$1.4 million in FY 2009 to \$2.8 in FY 2010. The majority of this increase can be attributed to the increase in the bad debt expense in FY 2010 and promotional expenses paid to the Convention and Visitors Bureau for international service promotions.

Insurance expenses decreased in FY 2010 by 48.0 percent due to the successful negotiations with insurance brokers to keep coverage at previous year amounts along with the very competitive insurance market. The cost of insurance at the Airport went from \$4.7 million in FY 2009 to \$2.4 million in FY 2010.

Non-Operating Revenues and Expenses
Fiscal Years 2011, 2010, and 2009

Revenue/Expenses Category	FY 2011 (000)	FY 2010 (000)	FY 2009 (000)	Percentage Change 2011 - 2010	Percentage Change 2010 - 2009
Passenger facility charges	\$ 77,949	\$ 77,309	\$ 75,335	0.8%	2.6%
Jet A Fuel Tax revenue	7,318	7,799	8,388	-6.2%	-7.0%
Interest and Investment Income					
Unrestricted interest income	5,410	6,223	15,999	-13.1%	-61.1%
Restricted interest income	5,161	12,527	27,621	-58.8%	-54.6%
PFC interest income	1,048	4,496	5,936	-76.7%	-24.3%
Unrealized gain (loss) on investment - derivative instruments	39,715	22,532	(27,151)	76.3%	-183.0%
Interest expense	(162,162)	(164,499)	(137,254)	-1.4%	19.8%
Net loss from disposition of capital assets	(35)	(6,622)	(8,921)	-99.5%	-25.8%
Other	-	-	(322)	0.0%	-100.0%
	<u>\$ (25,596)</u>	<u>\$ (40,235)</u>	<u>\$ (40,369)</u>	<u>-36.4%</u>	<u>-0.3%</u>

Discussion of FY 2011 Non-operating Revenues and Expenses

Interest income decreased during FY 2011 by 50.0 percent from \$23.2 million in FY 2010 to \$11.6 million in FY 2011. This significant decrease can be attributed to the continued drop in investment rates, together with the Department's capital spending associated with Terminal 3. For FY 2011, the average investment rate for the Airport's pooled cash was 1.94 percent as compared to 2.11 percent for FY 2010. The average investment rate for the Department's fiscal agent cash and cash investments was 0.56 percent in FY 2011 as compared to 0.67 percent in FY 2010.

Interest expenses on Airport outstanding bonds totaled \$162.2 million in FY 2011 compared to \$164.5 million in FY 2010, a decrease of \$2.3 million. The Department made all of its scheduled debt service payments in FY 2011, which included a repayment of \$86.2 million in outstanding principal. For FY 2011, there were no increases in outstanding principal as all of the financing for the Terminal 3 project is in place and the Department continues to closely monitor and evaluate its debt portfolio.

Passenger Facility Charges (PFC) revenues for FY 2011 increased by \$0.6 million or 0.8 percent. The increase for FY 2011 can be attributed to the slight increase in passenger traffic as there were no changes in the effective rate.

Effective July 1, 1991, the County enacted an ordinance imposing a two-cent-per-gallon tax on Jet A fuel to be allocated to the Airport to help facilitate the expansion of air transportation facilities in the region. This tax has been an important source of funding to address the capacity, security, safety and noise issues of the Airport. During FY 2011 the Airport System was allocated \$7.3 million, approximately 6.2 percent less than FY 2010. This decrease can be attributed to less aviation fuel sales. The Jet A Fuel Tax revenues are currently used to pay the principal and interest on the 2003C Jet Aviation Fuel Tax Revenue Bonds. Any revenues in excess of the requirement of the 2003C bonds are currently used to pay the principal and interest on the 2003B General Obligation (Limited Tax) Airport Bonds. Principal and interest payments on the 2003C Jet Aviation Fuel Tax Revenue Bonds totaled \$8.7 million in FY 2011. The unfunded portion of this debt service (\$1.4 million) was paid from operating revenues.

Unrealized gain (loss) on investment – derivative instruments is the result of the Department’s implementation of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, issued in June 2008 and effective for FY 2010. The Department is required to recognize, measure and disclose the changes in the fair value of its interest rate swaps. Refer to Note 9, Derivative Instruments.

In FY 2011 the Department recognized \$35 thousand in net losses from the disposition of fixed assets, a decrease of 99.5 percent over FY 2010. The loss was related to the disposal of some minor equipment that was obsolete, there were no major disposals for FY 2011 as compared to the previous years.

Discussion of FY 2010 Non-operating Revenues and Expenses

Interest income decreased during FY 2010 by 53.1 percent from \$49.6 million in FY 2009 to \$23.2 million in FY 2010. This significant decrease can be attributed to the continued drop in investment rates, together with the Department’s capital spending associated with Terminal 3. For FY 2010, the average investment rate for the Airport’s pooled cash was 2.11 percent as compared to 4.0 percent for FY 2009. The average investment rate for the Department’s fiscal agent cash and cash investments was 0.67 percent in FY 2010 as compared to 2.91 percent in FY 2009.

Interest expenses on Airport outstanding bonds totaled \$164.5 million in FY 2010 compared to \$137.3 million in FY 2009, an increase of \$27.2 million. This increase can be attributed to the interest payments associated with the issuance of additional Senior Lien General Airport Revenue Bonds to fund the height restriction lawsuit settlements; the issuance of additional Subordinate Lien PFC Pledged General Airport Revenue Bonds to fund a portion of the Terminal 3 project and the increased interest costs associated with the Senior Lien Series 2008E Bonds.

Passenger Facility Charges (PFC) for FY 2010 increased by 2.6 percent. On October 1, 2008 the PFC rate increased from \$4.00 to \$4.50; the increase for FY 2010 is attributed to the increase in the PFC rate being effective for the entire FY 2010. The actual passenger enplanements during FY 2010 decreased by 3.8 percent.

Effective July 1, 1991, the County enacted an ordinance imposing a two-cent-per-gallon tax on Jet A fuel to be allocated to the Airport to help facilitate the expansion of air transportation facilities in the region. This tax has been an important source of funding to address the capacity, security, safety and noise issues of the Airport. During FY 2010 the Airport System was allocated \$7.8 million, approximately 7.0 percent less than FY 2009. This decrease can be attributed to less aviation fuel sales during the current economic recession. The Jet A Fuel Tax revenues are currently used to pay the principal and interest on the 2003C Jet Aviation Fuel Tax Revenue Bonds. Any revenues in excess of the requirement of the 2003C bonds are currently used to pay the principal and interest on the 2003B General Obligation (Limited Tax) Airport Bonds. Principal and interest payments on the 2003C Jet Aviation Fuel Tax Revenue Bonds totaled \$8.4 million in FY 2010. The unfunded portion of this debt service (\$0.6 million) was paid from operating revenues.

Unrealized gain (loss) on investment – derivative instruments is the result of the Department’s implementation of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, issued in June 2008 and effective for FY 2010. The Department is required to recognize, measure and disclose the changes in the fair value of its derivative instruments. Refer to Note 9, Derivative Instruments.

In FY 2010 the Department recognized \$6.6 million in net losses from the disposition of capital assets, a decrease of 25.8 percent over FY 2009. Two transactions attributed to the majority of this net loss. The first involved the write-off of \$6.3 million or 50.0 percent of the value of the environmental impact studies associated with the planning of the Ivanpah Airport, which was being considered during the past five years as a supplemental airport to McCarran. Due to the current economic downturn and

the likely introduction of new Federal Aviation Administration (FAA) state-of-the-art technology that will likely improve runway capacity at McCarran, the likelihood of needing a new supplemental airport within the foreseeable future has dramatically declined. As a result, the Department has decided to defer the Ivanpah project for the foreseeable future. However, based on discussions with project management, there remains some value to certain portions of the environmental studies that were completed during the past several years and the Department will keep those approximately \$6.3 million of costs in the construction in progress balance. The second transaction involves the write-off of certain people-mover parts inventory that was determined to be obsolete. The parts inventory had a book value of \$323 thousand at the time of the write-off.

Income before Capital Contributions

Fiscal Years 2011, 2010 and 2009

	FY 2011 (000)	FY 2010 (000)	FY 2009 (000)	Change 2011 to 2010	Change 2010 to 2009
Operating Revenue	\$ 392,554	\$ 362,451	\$ 379,215	\$ 30,103	\$ (16,764)
Operating Expenses	217,353	227,694	244,396	(10,341)	(16,702)
Income before Depreciation	175,201	134,757	134,819	40,444	(62)
Depreciation and amortization	136,104	134,369	122,688	1,735	11,681
Income from Operations	39,097	388	12,131	38,709	(11,743)
Net non-operating revenue (expense)	(25,596)	(40,236)	(40,369)	14,640	133
Income (loss) before Capital Contributions	13,501	(39,848)	(28,238)	53,349	(11,610)
Capital Contributions	16,761	22,914	41,235	(6,153)	(18,321)
Increase in Net Assets	30,262	(16,934)	12,997	47,196	(29,931)
Net assets beginning of year	1,514,306	1,531,240	1,518,243	(16,934)	12,997
Net assets end of year	\$ 1,544,568	\$ 1,514,306	\$ 1,531,240	\$ 30,262	\$ (16,934)

For FY 2011, the Airport System operating income before capital contributions from the federal government totaled \$13.5 million, a \$53.4 million increase over FY 2010 operating loss of \$39.8 million. Operating income before depreciation in FY 2011 was \$175.2 million, an increase of \$40.4 million, which was a result of the \$30.1 million increase in operating revenues and the \$10.3 million decrease in operating expenses, as previously discussed. Depreciation expense increased slightly by \$1.7 million due to the continued capital improvements at the Airport. Net non-operating expense decreased by \$14.6 million due to an increase in the unrealized gain on derivative instruments of \$17.2 million which was offset by a decrease in interest income of \$11.6 million, for a net increase in interest and investment income of \$5.6 million. The remainder of the change in net non-operating expense related to the net loss on disposal of capital assets decreasing by \$6.6 million.

For FY 2010, the Airport System operating loss before capital contributions from the federal government totaled \$39.9 million, an \$11.6 million increase over FY 2009 operating loss of \$28.2 million. The primary reason for the increase to the loss was the \$11.7 million additional depreciation expense for FY 2010 due to the capitalization of over \$157.7 million in projects and equipment during FY 2010.

Operating income before depreciation in FY 2010 was \$134.8 million. This amount was approximately the same as FY 2009. This can be attributed to the off-set of a decline in operating revenues of 4.4 percent and the decline in operating expenses of 6.8 percent.

Capital Contributions

During FY 2011, the Airport System received \$16.8 million in grants from the Federal Aviation Administration (FAA) for approved capital projects within the Airport System. These FAA grants represent the Airport's portion of entitlement funds allocated to airports in the United States, based on an enplanement formula plus any discretionary grants the Department successfully lobbies for. The \$6.1 million decrease in FAA grant funds for FY 2011 can be attributed to a decrease in expenditures for grant eligible projects as many of the significant grant funded projects from previous fiscal years were at or near completion phase in FY 2011.

During FY 2010, the Airport System received \$22.9 million in grants from the FAA for approved capital projects within the Airport System. This was a decrease of \$18.3 million from FY 2009 which is attributed to decrease in grant funding for a major runway rehabilitation project.

Capital Improvement Program

Each fiscal year, the Department updates the five-year capital plan. For FY 2010, the Airport System's comprehensive five-year capital improvement plan totals \$487.4 million, excluding Terminal 3 which is 90.0 percent complete as of June 30, 2011. The following is a summary of the capital program along with proposed funding sources.

Five-Year Capital Plan

	Total Budget (000)	Federal Grants (000)	Capital Improvement Account (000)
Airfield Improvements	\$ 328,477	\$ 177,055	\$ 151,422
Terminal Improvement Projects	71,172	-	71,172
Reliever Airport Projects	14,819	12,215	2,604
McCarran Support Facilities	72,979	12,735	60,244
Total	<u>\$ 487,447</u>	<u>\$ 202,005</u>	<u>\$ 285,442</u>
	<u>100.0%</u>	<u>41.4%</u>	<u>58.6%</u>

The signatory airlines serving the Airport have approved all projects listed above. All PFC projects have been approved or are in the process of being presented to the FAA for approval. Federal grants include the Department's entitlements and an assumed allocation of \$15.0 million in discretionary monies for each fiscal period. The capital improvement account monies consists of the Airport System's gaming revenue and the net cash flow from the consolidated rental car facility. Based on current five-year projections, it is anticipated that future gaming revenues and future cash flow projections from the rental car facility will adequately fund the capital improvement account requirements. For the period FY 2012 through FY 2016, it is projected that gaming and the consolidated rental car facility net rents will generate \$216.4 million. In addition, the Department has built into its FY 2012 rates the repayment of the \$50.7 million due from airline. These sources of capital plus grant contributions will be utilized to fund the Airports five year capital plan.

The construction of Terminal 3 is the largest single project the Department has ever undertaken. As of June 30, 2011, the Department has spent \$2.1 billion on Terminal 3 and construction is currently 90.0 percent complete. It is projected that an additional \$301.4 million will be required to complete the project. The project is anticipated to be completed in June of 2012.

Debt Management

For FY 2011, there were no increases in outstanding bond principal as all of the remaining financing necessary to complete the Terminal 3 project was issued in FY 2010. The Department continues to closely monitor and evaluate its debt portfolio and looks for opportunities to reduce interest costs and pay down outstanding debt. In November 2010, the Department refunded \$218.8 million in principal of its Series 2005A PFC bonds for a net present value savings of \$2.4 million. In March 2011, the Department successfully replaced \$504.3 million of expiring credit facilities. In May 2011, the Department refunded \$100 million in principal of its 2010 E-1 notes at an interest rate of 0.60%.

During FY 2010, the Department issued over \$1.9 billion in new debt to finance the Terminal 3 project along with a one-year bond anticipation note of \$100.0 million and a two-year bond anticipation note of \$200.0 million. At June 30, 2010, the Airport System had \$4.8 billion in outstanding debt. This amount is made up of \$1.1 billion in senior lien debt, \$2.1 billion in subordinate lien debt; \$1.1 billion in PFC-pledged debt; \$176.5 million in third lien general obligation debt; and the \$300.0 million in bond anticipation notes. All of the current outstanding debt is naturally or synthetically fixed interest rate debt, with an average interest rate of approximately 3.5 percent in FY 2010. Refer to Note 8, Long-term Debt, for more detail relating to the Airport System's outstanding long-term debt.

With the \$1.9 billion in new debt issued during FY 2010, the Department has fully funded the Terminal 3 project. The Department does not anticipate the need for any additional new debt financings under the five-year capital plan. The Department continually reviews strategies to minimize debt service and keep airline costs as reasonable as possible. The ability to adapt to rapidly changing market demands, as has been seen the last three years, will be a critical element to achieving reasonable borrowing costs and maintaining the Airport's healthy credit rating. The Department has taken full advantage of the provisions under the American Recovery and Reinvestment Act of 2010 (the Recovery Act), and the Department was the first airport to issue Build America Bonds in the United States in September 2009.

The Airport System's bonds are rated by two major rating agencies. The most current ratings are as follows:

	<u>S&P</u>	<u>Moody's</u>
General Airport Revenue Bonds – Senior Lien	AA-	Aa2
General Airport Revenue Bonds – Subordinate Lien	A+	Aa3
General Airport Revenue Bonds – Third Lien	A	A1
PFC Revenue Bonds	A+	Aa3

The Master Indenture of Trust, dated May 1, 2003, which governs the issuance of senior lien debt, requires the Department to have net revenues available for bond debt service coverage equal to 1.25 times the amount of senior lien debt service, and 1.10 times the amount of debt service on any subordinate lien bonds. PFC bonds have no debt service coverage requirement due to the fact that any debt service not payable from PFC proceeds is payable as a subordinate lien to the senior bonds. As of June 30, 2011, the actual coverage on the senior lien bonds was 3.19 and the coverage of the subordinate lien debt service was 1.72.

The Department continues to meet the challenge of providing users of the Airport System with quality facilities that meet the demands of growth, safety and security, while conscientiously and creatively managing the Airport System's bonding capacity and keeping airline costs as low as possible.

Future Outlook

FY 2011, passenger enplanements increased by 1.6 percent. This was the first fiscal year of increased passenger traffic since the Airports enplanements peaked in FY 2007. The Airport saw increases in passenger growth for each of the last six months of FY 2011 and that trend has continued into FY 2012 through September 2011. The Department will continue with its system-wide cost containment measures; explore ways to increase non-aeronautical revenues; manage its outstanding debt; and defer any capital spending not already committed in an effort to keep the cost for users of the Airport System as low as possible.

The Department is committed to completing the construction of the multi-billion dollar Terminal 3 project as a means of meeting future growth at the Airport. The Terminal 3 project is projected to be completed in June of 2012. All debt service costs associated with this project are being capitalized until the date of beneficial occupancy.

Additional Information

Further information on the results of the Airport System financial position is provided in the accompanying audited financial statements and notes thereto for the fiscal years ended June 30, 2011, and 2010. This financial report provides the Airport System customers, investors, and creditors with a general overview of the Airport System's financial condition. The report also presents information about funds it receives and monies it spends for the fiscal periods reported. For questions about this report or additional financial information, please contact the Finance Division, Clark County, Department of Aviation, at P.O. Box 11005, Las Vegas, Nevada 89111-1005. You may also find financial and statistical information for the Airport System at www.mccarran.com

Financial Statements

Clark County Department of Aviation
Clark County, Nevada

Statements of Net Assets
As of June 30, 2011 and 2010

	2011 (000)	2010 (000)
Assets and Deferred Outflows		
Assets		
Current assets:		
Cash and cash equivalents	\$ 180,275	\$ 135,005
Cash and cash equivalents, restricted	517,132	953,404
Investments, restricted	551,095	746,329
Securities lending collateral, restricted	62,631	3,666
Accounts receivable, net of allowance for doubtful accounts of \$582 and \$825	41,140	31,324
Interest receivable	5,131	4,569
Grants receivable	850	3,702
Other receivables	1,219	967
Inventories	4,048	1,785
Prepaid expenses	557	561
Total current assets	<u>1,364,078</u>	<u>1,881,312</u>
Non-current assets:		
Capital assets:		
Property and equipment:		
Land and land improvements	1,890,346	1,813,484
Perpetual aviation easement	294,284	294,284
Buildings	1,752,707	1,744,165
Furniture and fixtures	17,347	17,253
Machinery and equipment	294,532	281,138
Construction in progress	2,060,656	1,561,160
	<u>6,309,872</u>	<u>5,711,484</u>
Accumulated depreciation	<u>(1,302,856)</u>	<u>(1,171,268)</u>
Capital assets, net	<u>5,007,016</u>	<u>4,540,216</u>
Other non-current assets:		
Investments, restricted	74,772	89,187
Derivative instruments - interest rate swaps	48,929	28,439
Due from airlines	50,736	50,736
Deferred charges, net	72,964	67,282
Total other non-current assets	<u>247,401</u>	<u>235,644</u>
Total assets	<u>6,618,495</u>	<u>6,657,172</u>
Deferred outflows:		
Hedging derivative instruments	<u>93,685</u>	<u>147,534</u>
Total deferred outflows	<u>93,685</u>	<u>147,534</u>
Total assets and deferred outflows	<u>\$ 6,712,180</u>	<u>\$ 6,804,706</u>

See accompanying notes to financial statements

Clark County, Nevada

Statements of Net Assets
As of June 30, 2011 and 2010

Liabilities, Deferred Inflows, and Net Assets	2011 (000)	2010 (000)
Liabilities:		
Current liabilities:		
Payable from unrestricted assets:		
Accounts payable and other current liabilities	\$ 11,824	\$ 15,415
Other accrued expenses	17,079	16,828
Deferred income	4,849	6,702
Total payable from unrestricted assets	<u>33,752</u>	<u>38,945</u>
Payable from restricted assets:		
Accounts payable and other current liabilities	107,814	147,258
Accrued interest	124,112	108,415
Securities lending	65,401	7,090
Current portion of long-term debt	191,265	86,150
Total payable from restricted assets	<u>488,592</u>	<u>348,913</u>
Total current liabilities	<u>522,344</u>	<u>387,858</u>
Non-current liabilities:		
Payable from unrestricted assets:		
Other postemployment benefit liabilities	26,436	16,304
Derivative instruments - interest rate swaps	97,620	171,172
Deposits	522	529
Total payable from unrestricted assets	<u>124,578</u>	<u>188,005</u>
Payable from restricted assets:		
Long-term debt, net of current portion	<u>4,520,212</u>	<u>4,714,537</u>
Total payable from restricted assets	<u>4,520,212</u>	<u>4,714,537</u>
Total non-current liabilities	<u>4,644,790</u>	<u>4,902,542</u>
Total liabilities	<u>5,167,134</u>	<u>5,290,400</u>
Deferred inflows:		
Hedging derivative instruments	<u>478</u>	<u>-</u>
Total deferred inflows	<u>478</u>	<u>-</u>
Net assets:		
Invested in capital assets, net of related debt	<u>915,133</u>	<u>988,517</u>
Restricted for:		
Capital projects	223,848	190,783
Debt service	106,416	134,603
Other	29,423	20,101
Total restricted	<u>359,687</u>	<u>345,487</u>
Unrestricted	<u>269,748</u>	<u>180,302</u>
Total net assets	<u>1,544,568</u>	<u>1,514,306</u>
Total liabilities, deferred inflows, and net assets	<u>\$ 6,712,180</u>	<u>\$ 6,804,706</u>

See accompanying notes to financial statements

Clark County Department of Aviation
Clark County, Nevada

Statements of Revenue, Expenses and Changes in Net Assets
For the Fiscal Years Ended June 30, 2011 and 2010

	2011 (000)	2010 (000)
Operating Revenues:		
Terminal building and use fees	\$ 100,015	\$ 88,969
Landing fees and other aircraft fees	63,275	56,943
Terminal concession fees	53,023	51,925
Rental car facility fees	32,206	30,825
Public and employee parking fees	28,326	26,618
Gaming fees	25,908	25,659
Rental car concession fees	27,274	25,160
Ground rents and use fees	18,578	18,828
Gate use fees	23,606	18,468
Ground transportation fees	13,340	12,699
General aviation fuel sales (net of cost)	4,158	4,259
Other	2,845	2,098
Total operating revenues	<u>392,554</u>	<u>362,451</u>
Operating Expenses:		
Salaries and benefits	111,186	109,214
Professional services	49,203	56,464
Repairs and maintenance	22,118	22,789
Utilities and communication	20,199	21,072
Materials and supplies	9,010	12,905
Administrative	3,323	2,812
Insurance	2,314	2,438
Total operating expenses	<u>217,353</u>	<u>227,694</u>
Operating income before depreciation	175,201	134,757
Depreciation and amortization	<u>136,104</u>	<u>134,369</u>
Operating Income	<u>39,097</u>	<u>388</u>
Non-operating revenues (expenses):		
Passenger Facility Charges	77,949	77,309
Jet A Fuel Taxes	7,318	7,799
Interest and investment income	51,334	45,777
Interest expense	(162,162)	(164,499)
Net loss from disposition of capital assets	(35)	(6,622)
Total non-operating revenue (expense)	<u>(25,596)</u>	<u>(40,236)</u>
Income (loss) before capital contributions	13,501	(39,848)
Capital contributions	<u>16,761</u>	<u>22,914</u>
Change in net assets	30,262	(16,934)
Net assets, beginning of year	<u>1,514,306</u>	<u>1,531,240</u>
Net assets, end of year	<u>\$ 1,544,568</u>	<u>\$ 1,514,306</u>

See accompanying notes to financial statements

Clark County Department of Aviation
Clark County, Nevada

Statements of Cash Flows
For the Fiscal Years Ended June 30, 2011 and 2010

	2011 (000)	2010 (000)
Cash flows from operating activities:		
Cash received from operations	\$ 381,688	\$ 353,043
Cash paid to employees	(100,803)	(101,761)
Cash paid to outside vendors	(111,992)	(118,579)
Net cash provided by operating activities	<u>168,893</u>	<u>132,703</u>
Cash flows from capital and related financing activities:		
Passenger Facility Charges received	76,869	77,146
Jet A Fuel Taxes received	7,312	7,931
Acquisition and construction of capital assets	(641,484)	(1,026,635)
Federal Aviation Administration grants received	19,612	20,320
Bond proceeds	315,438	2,593,696
Deposit to refunding escrow	(318,800)	(800,000)
Bond issuance costs	(2,215)	(19,594)
Debt service payments:		
Principal	(86,150)	(71,780)
Interest (net of capitalized costs)	<u>(150,749)</u>	<u>(129,110)</u>
Net cash provided by (used in) capital and related financing activities	<u>(780,167)</u>	<u>651,974</u>
Cash flows from investing activities:		
Interest and investment income received	10,622	23,542
Proceeds from maturities of investments	1,409,716	917,373
Purchase of investments	<u>(1,200,066)</u>	<u>(1,670,240)</u>
Net cash provided by (used in) investing activities	<u>220,272</u>	<u>(729,325)</u>
Increase (decrease) in cash and cash equivalents	(391,002)	55,352
Cash and cash equivalents, beginning of year	<u>1,088,409</u>	<u>1,033,057</u>
Cash and cash equivalents, end of year	<u>\$ 697,407</u>	<u>\$ 1,088,409</u>
Cash and cash equivalent balances:		
Unrestricted cash and cash equivalents	\$ 180,275	\$ 135,005
Restricted cash and cash equivalents	<u>517,132</u>	<u>953,404</u>
Cash and cash equivalents, end of year	<u>\$ 697,407</u>	<u>\$ 1,088,409</u>

See accompanying notes to financial statements

Clark County Department of Aviation
Clark County, Nevada

Statements of Cash Flows
For the Fiscal Years Ended June 30, 2011 and 2010

	2011 (000)	2010 (000)
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 39,097	\$ 388
Depreciation and amortization	136,104	134,369
(Increase) decrease in accounts receivable-operations	(8,736)	(5,924)
(Increase) decrease in other receivables-operations	(246)	315
(Increase) decrease in airline receivable	-	(4,150)
(Increase) decrease in inventories	(2,263)	43
(Increase) decrease in prepaid expenses	5	135
Increase (decrease) in accounts payable-operations	(3,591)	(1,089)
Increase (decrease) in accrued payroll and benefits	10,383	7,453
Increase (decrease) in deferred income	(1,853)	1,419
Increase (decrease) in deposits	(7)	(256)
Net cash provided by operating activities	<u>\$ 168,893</u>	<u>\$ 132,703</u>
Non-cash Capital Financing Activities		
Contribution of land for Heliport facility	\$ -	\$ 3,718

See accompanying notes to financial statements

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements

For the Years Ended June 30, 2011 and 2010

1.) SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

(a) Reporting Entity

The Clark County Department of Aviation (the Department) is a department of Clark County (the County); a political subdivision of the State of Nevada (the State). The Department's purpose, under the supervision of the Board of County Commissioners (the Board) and the County Manager, is to operate McCarran International Airport (the Airport) and the four other general aviation facilities owned by the County; North Las Vegas Airport, Henderson Executive Airport, Jean Sports Aviation Center, and Overton-Perkins Field, collectively referred to as the Airport System. The Board is the governing body of the County. The seven members are elected from County commission election districts for four-year staggered terms. The Board appoints the Director of Aviation, who is charged with the day to day operations of the Department.

Only the accounts of the Department are included in the reporting entity. The Airport System is owned and operated as an enterprise fund of the County and is included as part of the County's government wide financial statements and comprehensive annual financial report (CAFR).

(b) Basis of Accounting

The accounting principles used are similar to those applicable to a private business enterprise (accrual basis of accounting), where the costs of providing services to the public are recovered through user fees. The Department is not subsidized by any tax revenues of the County. Pursuant to the Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, the Department elected not to be bound by pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989. Accordingly, it selects accounting methods among available alternatives when not otherwise required by GASB or earlier applicable FASB standards. All tabular dollar amounts are presented in thousands.

The financial statements of the Department, an enterprise fund, are presented on the accrual basis of accounting. Revenues are recorded when earned. The Department's operating revenues are derived from fees paid by airlines, concessionaires, tenants and others. The fees are based on usage fees established by the Department and approved by the Board or in accordance with the Airline – Airport Use and Lease Agreement (the Lease) dated July 1, 2010. The initial term of the Lease is for five (5) years with an option to extend for an additional two (2) years upon mutual agreement between parties. Expenses are recognized when incurred. Non-operating expenses are primarily debt service payments on outstanding Airport System debt, and non-operating income consists of interest income, gains and losses on derivative instruments, Passenger Facility Charge (PFC) proceeds and Jet A fuel tax revenues.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements

For the Years Ended June 30, 2011 and 2010

(c) Cash, Cash Equivalents, and Investments

(1) Cash and cash equivalents

The Department's pooled funds, and short-term investments, with original maturities of three months or less from the date of acquisition, are considered to be cash equivalents (Note 2).

(2) Investments

Investments, consisting of federal government obligations and repurchase agreements, guaranteed investment certificates, collateralized investment agreements, and money market funds are stated at market value. Investments in the County's pooled Treasurer's cash account are adjusted to market (Note 2).

(d) Accounts Receivable

Receivables are reported at their gross value when earned. The Department's collection terms are generally 20 days. The allowance for uncollectible accounts is based on a percentage of open aged receivables at June 30 of each fiscal period. As a customer's balance is deemed uncollectible, the receivable is cleared and the amount written off. If the balance is subsequently collected, payments are applied to the allowance account. Accounts receivables are shown net of the allowance for doubtful accounts in the amount of \$0.6 million for fiscal year (FY) 2011 and \$0.8 million for FY 2010.

(e) Inventories

Inventories held for resale are valued at lower of cost or market and consist primarily of jet fuel at the general aviation facilities to be consumed by customers. Expendable parts and supplies held for consumption within the next fiscal year are valued at cost.

(f) Capital Assets

Capital assets with a useful life of more than one year are capitalized and are stated at historical cost. The capitalization threshold is \$5,000 (Note 6). Costs related to the alteration or demolition of existing facilities during major expansion programs are capitalized as additional costs of the program. Depreciation is computed using the straight-line method based on useful lives (in years) currently estimated as follows:

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements

For the Years Ended June 30, 2011 and 2010

Land Improvements	20-35 years
Buildings	20-30 years
Furniture and Fixtures	15 years
Machinery and Equipment	3-20 years

Repairs and maintenance are charged to operations as incurred unless they have the effect of improving or extending the life of an asset, in which case they are capitalized as part of the cost of the asset.

(g) Capitalized Interest

For FY 2011, the Department used FASB Statement No. 34, *Capitalization of Interest Costs*, as amended, to compute annual capitalized interest expenses at the Airport System. The computed capitalized interest for FY 2011 was \$69.3 million and for FY 2010 the capitalized interest cost was \$47.5 million.

(h) Due from Airlines

The Department deferred the airline additional amount due for the fiscal years ended June 30, 2008, 2009, and 2010 of \$15.0 million, \$31.5 million, and \$4.2 million respectively. The additional amounts were due as a result of residual rental rates and charges being calculated at year-end using audited actual revenues and expenses versus budgeted. Due to the airline hardships at the time, the Department agreed to defer this additional amount due until FY 2012. For FY 2011 there were no additional amounts due to or from the Airlines under the terms of the new Lease agreement.

(i) Deferred Charges

Deferred charges (refer to Note 7), consisting primarily of underwriter fees and other costs incurred during the issuance of General Airport Revenue Bonds, are amortized over the life of the related bonds using the interest method. Deferred charges also include the amounts due from the signatory airlines at June 30, 2007 that were forgiven in FY 2008 in exchange for the net revenues (excluding land rent) from the Consolidated Rental Car Facility (CRCF) during its 10-year lease term.

(j) Federal Grants

Federal Aviation Administration (FAA) grants and Transportation Safety Administration (TSA) grants are restricted for certain capital improvements and reported as capital contributions in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, as amended by GASB Statement No. 36.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements

For the Years Ended June 30, 2011 and 2010

(k) Passenger Facility Charges

The FAA authorized the County to impose a PFC of \$3.00 per qualifying enplaned passenger commencing June 1, 1992. The PFC continued to be \$3.00 until November 1, 2004, when the FAA authorized the County to increase the PFC to \$4.50. Effective September 1, 2006, the PFC rate decreased from \$4.50 per qualifying enplaned passenger to \$3.00 pursuant to authorization from the FAA. Effective January 1, 2007, the PFC rate increased from \$3.00 per qualifying enplaned passenger to \$4.00 through the fiscal year ended June 30, 2008. Effective October 1, 2008, the PFC rate increased to \$4.50 per qualifying enplaned passenger.

Net PFC receipts are restricted and can be used only for those capital projects, including debt service, that have been authorized by the FAA. The County has been authorized to collect PFCs in the aggregate amount of \$4.6 billion. Collections during the year ended June 30, 2011, are \$77.9 million, and aggregate collections from the inception through June 30, 2011, are \$1,024.3 million. All of the PFC collections are used to pay debt service on PFC pledged bonds or subordinate lien bonds issued to fund FAA-approved projects.

(l) Restricted Assets and Liabilities

Restricted assets consist of cash, investments, and other resources that are legally restricted to certain uses pursuant to the Master Indenture of Trust dated May 1, 2003. Capital program funds are restricted to pay the cost of certain capital projects as defined in various bond ordinances. PFC program funds are restricted to pay the cost of FAA-approved capital projects and any debt service incurred to finance these projects. Debt service funds are restricted to make payments for principal, interest, sinking fund, and coverage as required by specific bond covenants.

(m) Budgetary Control

As an enterprise fund of the County, the Department is subject to budgetary requirements of the State of Nevada (the State) including budgetary hearings and public meetings as required by the County's overall budget process. Accordingly, the Board approves the Department's annual budget and any subsequent changes thereto. The Department's budget is prepared on the accrual basis of accounting, and actual expenses cannot exceed the total budgeted operating expenses without action pursuant to the State's budgetary requirements. Appropriations for operating expenses lapse at the end of each fiscal year.

(n) Legal Defense Costs

The Department does not accrue for estimated future legal and related defense costs, if any, to be incurred in connection with outstanding or threatened litigation and other disputed matters but rather, records such as period costs when the related services are rendered.

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(o) Use of Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires the Department to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates and assumptions.

(p) Reclassifications

Certain FY 2010 amounts have been reclassified to conform to the FY 2011 presentation.

2.) CASH AND INVESTMENTS

The majority of all cash and investments of the Airport System are included in the investment pool of the Clark County Treasurer (Treasurer) and the Department's Trustee, the Bank of New York Mellon. As of June 30, 2011, these amounts are distributed as follows:

	FY 2011 (000)	2010 (000)
Clark County Investment Pool	\$ 488,196	\$ 571,733
Cash and Investments with Trustee	832,045	1,350,562
Cash on Hand or In Transit	3,033	1,630
Total	<u>\$ 1,323,274</u>	<u>\$ 1,923,925</u>

Clark County Investment Pool:

The Treasurer invests monies held by both individual funds and through a pooling of monies. The pooled monies, referred to as the Clark County Investment Pool, are invested as a whole and not as a combination of monies from each fund belonging to the pool. In this manner, the Treasurer is able to invest the monies at a higher interest rate for a longer period of time. Interest is apportioned to each participating department or agency on a monthly basis and is based on the average daily cash balance of the fund for the month in which the investments mature.

According to Nevada Revised Statutes, County monies must be deposited with federally insured banks and savings and loan associations within the County. The Treasurer is authorized to use demand accounts, time accounts and certificates of deposit.

Nevada Revised Statutes specifically require collateral for demand and time deposits, but do specify that collateral for time deposits may be of the same type as those described for permissible state investments. Permissible state investments are similar to allowable County investments described below except that some state investments are longer term and include securities issued by municipalities outside the State of Nevada.

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Due to the nature of the investment pool, it is not possible to separately identify any specific investment as being that of the Department. Instead, the Department owns a proportionate share of each investment, based on the Department's participation percentage in the investment pool. As of June 30, 2011, the \$488.2 million of the Department investments held in the investment pool are categorized as follows:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1 to 3	3 to 5	5 to 10
Debt Securities:					
U.S. Treasury Obligations	21.9%	26.2%	73.8%	0.0%	0.0%
U.S. Agency Obligations	62.6%	20.3%	63.1%	16.5%	0.0%
Corporate Obligations	4.8%	21.4%	58.9%	19.7%	0.0%
Money Market Funds	0.2%	100.0%	0.0%	0.0%	0.0%
Local Government Investment Pool	1.6%	100.0%	0.0%	0.0%	0.0%
Commercial Paper	6.0%	100.0%	0.0%	0.0%	0.0%
Collateralized Mortgage Obligations	1.1%	2.0%	12.7%	6.0%	79.4%
Asset Backed Securities	1.8%	0.0%	36.6%	53.0%	10.4%
	<u>100.0%</u>	<u>27.3%</u>	<u>59.3%</u>	<u>12.3%</u>	<u>1.1%</u>

As of June 30, 2010, the \$571.7 million of the Department investments held in the investment pool are categorized as follows:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1 to 3	3 to 5	5 to 10
Debt Securities:					
U.S. Treasury Obligations	21.0%	0.0%	98.8%	1.2%	0.0%
U.S. Agency Obligations	68.8%	20.4%	62.1%	15.6%	1.8%
Corporate Obligations	4.6%	2.9%	88.2%	8.9%	0.0%
Money Market Funds	3.0%	100.0%	0.0%	0.0%	0.0%
Commercial Paper	0.5%	100.0%	0.0%	0.0%	0.0%
Collateralized Mortgage Obligations	1.4%	0.0%	9.5%	16.4%	74.1%
Asset Backed Securities	0.6%	0.0%	3.1%	84.3%	12.6%
	<u>100.0%</u>	<u>17.7%</u>	<u>67.7%</u>	<u>12.2%</u>	<u>2.4%</u>

Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. Through its investment policy, the County manages its exposure to fair value losses arising from increasing interest rates by limiting the average weighted duration of its investment pool to less than 2.5 years. Duration is a measure of the present value of a fixed income's cash flow and is used to estimate the sensitivity of a security's price to interest rate changes.

Interest Rate Sensitivity

At June 30, 2011, the County invested in the following types of securities that have a higher sensitivity to interest rates:

Callable securities are directly affected by the movement of interest rates. Callable securities allow the issuer to redeem or call a security before maturity, one time or generally on coupon dates.

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Asset Backed Securities are financial securities backed by a loan, lease or receivable against assets other than real estate and mortgage backed securities. These types are subject to interest rate risk in that the value of the assets fluctuates inversely with changes in the general interest rate levels.

A *Corporate Note Floater* is a note with a variable interest rate [usually] tied to an index.

Step up/step down securities have fixed rate coupons for a specific time interval that will step-up or step-down a predetermined number of basis points at scheduled coupon or other reset dates. These securities are callable one time or on their coupon date.

Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County's investment policy applies the prudent-person rule: "In investing the County's monies, there shall be exercised the judgment and care under the circumstances then prevailing which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived". The County's investments were rated by Standard & Poor's and Moody's Investors Service, respectively, as follows: obligation of the U.S. Treasury bills, A-1/P-1; U.S. Treasury Securities, AAA/Aaa; bonds of U.S. Federal Agency Bonds, AAA/Aaa; discount notes of U.S. Federal agencies, A-1/P-1; Corporate Obligation/Notes, A/A; money market funds, AAA/Aaa; negotiable certificates of deposit, A-1/P-1; Commercial Paper [Discounts], A-1/P-1; Collateralized Mortgage Obligations, AAA/Aaa; and asset-backed securities, AAA/Aaa.

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's investment policy limits the amount that may be invested in obligations of any one issuer, except direct obligations of the U.S. government or federal agencies, to no more than five percent of the County Investment Pool.

At June 30, 2011, the following investments exceeded five percent of the total cash, investments, and loaned securities collateral for all entities combined.

Commercial Paper (Various)	5.98%
Federal Farm Credit Banks (FFCB)	9.22%
Federal Home Loan Banks (FHLB)	17.31%
Federal Home Loan Mortgage Corporation	18.23%
Federal National Mortgage Association	18.78%
U.S. Treasury Obligations	21.93%

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As of June 30, 2010, the following investments exceeded five percent of the total cash, investments, and loaned securities collateral for all entities combined.

Federal Farm Credit Banks (FFCB)	13.73%
Federal Home Loan Banks (FHLB)	23.55%
Federal Home Loan Mortgage Corporation	13.64%
Federal National Mortgage Association	19.17%
U.S. Treasury Obligations	20.99%

Securities Lending

Nevada Revised Statute (NRS) 355.178 authorizes the County to participate in securities lending transactions, where the County's securities are loaned to broker/dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The County's securities lending agent administers the securities lending program and receives cash or other securities equal to at least 102 percent of the fair value of the loaned securities plus accrued interest as collateral for securities of the type on loan at year end. The collateral for the loans is maintained at 102 percent, and the value of the securities borrowed is determined on a daily basis.

At June 30, 2011, the County had no credit exposure to borrowers because the amount the County held as collateral exceeded the amounts the borrowers owed to the County. The contract with the securities lending agent requires it to indemnify the County for all losses relating to securities lending transactions.

The County does not have the ability to pledge or sell collateral securities without a borrower default. There were no borrower defaults during the period nor were there any prior period losses to recover.

State statutes place no restrictions on the amount of securities that can be loaned. Either the County or the borrower can terminate all open securities loans on demand. Cash collateral is invested in accordance with the investment guidelines stated in NRS 355.170. The County investment policy requires the aggregate reinvestment of the cash collateral may not be mismatched to the aggregate securities loaned by more than three business days. In regard to this calculation, the final maturity or interest rate reset date is utilized. Such amounts are included in loaned securities in investments and liabilities.

The fair value of the securities on loan allocated to the Department in FY 2011 and FY 2010 was \$65.4 million and \$7.1 million, respectively. The Department was allocated cash collateral with a value of \$62.6 million in FY 2011 and \$3.7 million in FY 2010.

The County adjusts the investments in the Treasurer Investment Pool to market and allocates the adjustment to the various participants. For FY 2011 and FY 2010, the Department's allocated portion of the market adjustment was \$4.0 million and \$8.4 million, respectively.

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Trustee Cash

In accordance with the Master Indenture of Trust dated May 3, 2003, as amended, between the County and the Bank of New York Mellon (Trustee), the Department uses the Trustee to retain all debt service reserve funds and make all annual debt service payments to bondholders. As of June 30, 2011, the Trustee held \$832.0 million of the Department's cash and investments restricted for debt service reserves and annual debt service payments. As of June 30, 2010, the Trustee held \$1,350.5 million in Department cash and investments.

During FY 2011, of the \$832.0 million held by the Trustee, \$206.1 million in cash and cash equivalents was invested in United States Government Money Market Funds, and \$625.9 million is invested in short and long-term investments with the following entities:

Investment Type	Fair Value FY 2011 (000)	Investment Maturities (in Years)				
		Less Than 1	1 to 3	3 to 5	5 to 10	Over 10
FSA Collateralized Investment Agreement *	\$ 14,868	\$ -	\$ -	\$ -	\$ -	\$ 14,868
Morgan Stanley Collateralized Investment Agreement	2,593	2,593	-	-	-	-
U.S. Treasury Notes	60,451	271	1,446	58,734	-	-
Federal Home LN MTG CORP DISC NTS	460,005	460,005	-	-	-	-
Federal National Mortgage Association Discount NT	87,950	87,950	-	-	-	-
	<u>\$ 625,867</u>	<u>\$ 550,819</u>	<u>\$ 1,446</u>	<u>\$ 58,734</u>	<u>\$ -</u>	<u>\$ 14,868</u>

* Series 2007A Debt Service Reserve Fund invested through the life of the bond issue, July 1, 2040.

Investment Ratings	Moody's	Standard & Poor's
FSA Collateralized Investment Agreement	Aa	AA
Morgan Stanley Collateralized Investment Agreement	A	A
U.S. Treasury Notes	Aaa	AAA
Federal Home LN MTG CORP DISC NTS	P-1	A-1
Federal National Mortgage Association Discount NT	P-1	A-1

During FY 2010, of the \$1,350.5 million held by the Trustee, \$515.0 million in cash and cash equivalents was invested in Federated Government Funds money market funds, and \$835.5 million was invested in short and long-term investments with the following entities:

Investment Type	Fair Value FY 2010 (000)	Investment Maturities (in Years)				
		Less Than 1	1 to 3	3 to 5	5 to 10	Over 10
FSA Collateralized Investment Agreement *	\$ 14,868	\$ -	\$ -	\$ -	\$ -	\$ 14,868
Morgan Stanley Collateralized Investment Agreement	3,840	-	3,840	-	-	-
U.S. Treasury Notes	60,975	524	1,120	59,331	-	-
Federal Home LN BKS DEB	40,058	35,053	5,005	-	-	-
Federal Home LN MTG Corp DEB	5,024	-	5,024	-	-	-
Federal Home LN MTG CORP DISC NTS	319,338	319,338	-	-	-	-
Federal National Mortgage Association Discount NT	382,940	382,940	-	-	-	-
US Treasury Bills	8,473	8,473	-	-	-	-
	<u>\$ 835,516</u>	<u>\$ 746,328</u>	<u>\$ 14,989</u>	<u>\$ 59,331</u>	<u>\$ -</u>	<u>\$ 14,868</u>

* Series 2007A Debt Service Reserve Fund invested through the life of the bond issue, July 1, 2040.

Investment Ratings	Moody's	Standard & Poor's	Fitch
FSA Collateralized Investment Agreement	Aa3	AAA	n/a
Morgan Stanley Collateralized Investment Agreement	A2	A	A
U.S. Treasury Notes	Aaa	AAA	AAA
Federal Home LN BKS DEB	Aaa	AAA	n/a
Federal Home LN MTG Corp DEB	Aaa	AAA	AAA
Federal Home LN MTG CORP DISC NTS	Aaa	AAA	AAA
Federal National Mortgage Association Discount NT	Aaa	AAA	AAA
US Treasury Bills	Aaa	AAA	AAA

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3.) GRANTS RECEIVABLE

Grants receivable include FAA grants in the amount of \$0.9 million at June 30, 2011. Grants receivable at June 30, 2010 include FAA grants in the amount of \$3.7 million.

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4.) RESTRICTED ASSETS

The Master Indenture of Trust requires segregation of certain assets into restricted accounts. The Department has also included Passenger Facility Charges (PFC) and Jet A fuel tax revenue related assets as restricted assets because these assets have been pledged for capital projects and debt service. Restricted assets reported in the financial statements consist of the following:

	June 30,	
	2011 (000)	2010 (000)
Restricted for capital projects:		
Cash and investments - PFC and other bond proceeds	\$ 566,564	\$ 1,204,461
Cash and investments - Passenger facility charges	12,943	17,396
Accounts receivable - Passenger facility charges	11,739	10,659
Grant reimbursements receivable	541	2,772
Interest receivable	659	1,682
	<u>592,446</u>	<u>1,236,970</u>
Restricted for debt service:		
Bond fund:		
Cash and investments - PFC bonds	53,516	45,884
Cash and investments - Other bonds	243,710	256,359
	<u>297,226</u>	<u>302,243</u>
Debt service reserves:		
Cash and investments - PFC bonds	88,867	88,386
Cash and investments - Other bonds	125,121	132,206
	<u>213,988</u>	<u>220,592</u>
Subordinate and other debt coverage reserves:		
Cash and investments	23,804	24,422
Interest receivable	3	11
Other receivable - Jet A fuel taxes	1,289	1,282
	<u>25,096</u>	<u>25,715</u>
	<u>536,310</u>	<u>548,550</u>
Other restricted assets:		
Cash and investments - Working capital and contingency	18,113	18,698
Cash and investments - Capital fund	10,362	1,108
Securities lending collateral	62,631	3,666
Land - Heliport facility	3,718	3,718
	<u>94,824</u>	<u>27,190</u>
	<u>\$ 1,223,580</u>	<u>\$ 1,812,710</u>
Restricted assets by class:		
Total current assets	\$ 1,145,090	\$ 1,719,805
Total capital assets	3,718	3,718
Total non-current assets	74,772	89,187
	<u>\$ 1,223,580</u>	<u>\$ 1,812,710</u>

Restricted assets for FY 2011 decreased \$589.1 million over FY 2010, due to the expenditure of cash restricted for capital projects which was used to finance ongoing capital projects.

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5.) **RETIREMENT PLAN**

- (a) The Department contributes to the Public Employees' Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Nevada Public Employees' Retirement System. PERS provides retirement and disability benefits, cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS was established by legislation in 1947 and is governed by a board that is responsible for administration and management of the fund. The autonomous, seven-member board is appointed by the Governor. PERS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for PERS. The report can be obtained by writing to Public Employees' Retirement System of Nevada, 693 W. Nye Lane, Carson City, NV 89703-1599 or by calling (775) 687-4200.

PERS contribution rates are established by State statute and provide for yearly increases of up to 1.0 percent until such time as the actuarially determined unfunded liability is reduced to zero. The PERS contribution rate in effect for the fiscal years ended June 30, 2011, 2010, and 2009 were 21.50%, 21.50%, and 20.50% of annual covered payroll, respectively. The Department's contribution to PERS, which was equal to the required contribution, for the years ended June 30, 2011, 2010, and 2009, was \$16.0 million, \$16.0 million and \$15.4 million, respectively.

- (b) Other Postemployment Benefits

Plan Information

Retirees of the Department may continue insurance coverage through the Clark County Retiree Health Program (County Plan), an agent multiple-employer defined benefit plan, if enrolled as an active employee at the time of retirement. Within the County Plan, retirees may choose between the Clark County Self-Funded Group Medical and Dental Benefits Plan (Self-Funded Plan), and Health Plan of Nevada (HPN), a fully insured health maintenance organization (HMO) plan.

Some retired employees are also enrolled in the State program of insurance. This program, the Public Employees' Benefits Program (PEBP), is an agent multiple-employer, defined benefit plan.

Each plan provides medical, dental and vision benefits to eligible active and retired employees and beneficiaries. Except for the PEBP, benefit provisions are established and amended through negotiations between the County and the employee union. PEBP benefit provisions are established by the Nevada State Legislature.

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The Self-Funded Plan is not administered as a qualifying trust or equivalent arrangement. The Self-Funded Plan is included in the Clark County Comprehensive Annual Financial Report as an internal service fund (the Self-Funded Group Insurance fund), as required by NRS.

The PEBP issues a publicly available financial report that includes financial statements and required supplementary information. The Self-Funded and PEBP reports may be obtained by writing or calling the plans at the following addresses or numbers:

Clark County, Nevada
PO Box 551210
500 S. Grand Central Parkway
Las Vegas, NV 89155-1210

Public Employee Benefit Plan
901 South Stewart Street, Suite 1001
Carson City, Nevada 89701
(800) 326-5496

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Funding Policy and Annual Other Postemployment Benefit (OPEB) Cost

For the Self Funded Plan and HPN, contribution requirements of plan members and the employer are established and may be amended through negotiations between the various unions and the governing bodies of the employers.

The Department pays approximately 90 percent of premiums for active employee coverage, an average of \$7,857 per active employee for the year ended June 30, 2011. Retirees pay the entire cost of their premium. Active and retiree loss experience is combined to create a single, blended premium for each level of coverage (member only, member plus spouse, member plus children, or family), as required by state law. This combining of loss experience creates an implicit subsidy to the retirees who would otherwise pay higher premiums if their loss experience was rated separately.

The Department is required to pay the PEBP an explicit subsidy, based on years of service, for retirees who enrolled in this plan. In 2011, retirees were eligible for a \$50 per month subsidy after five years and up to \$575 per month after 20 years of service with a Nevada state or local government entity. The subsidy is set by the State Legislature.

The annual OPEB cost for each program is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represent a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The Department's annual OPEB cost for the current year and the related information for each plan are as follows:

	Self-Funded/Health Plan of Nevada (HPN) Actuarially determined, premium sharing determined by union contracts.		PEBP Set by State Legislature.	
Contribution rates				
Department	Implicit subsidy through blending of active and retiree loss experience.		\$50 per month after 5 years of service up to \$575 per month after 20 years.	
Plan Members Subsidy	From \$182 per month for individual coverage to \$1,144 per month for family coverage, depending on plan.		From \$343 to \$1,526, depending on level of coverage and subsidy earned.	
	FY 2011	FY 2010	FY 2011	FY 2010
Annual Required Contribution (ARC)	\$ 11,113,276	\$ 6,854,171	\$ 1,003,219	\$ 976,702
Interest on Net OPEB obligation	614,821	142,164	59,035	20,225
Adjustment to ARC	(857,204)	(205,534)	(82,308)	(29,240)
Annual OPEB Cost	10,870,893	6,790,801	979,946	967,687
Contributions made	(1,441,472)	(897,510)	(277,721)	(659,552)
Increase (decrease) in net OPEB obligation	9,429,421	5,893,291	702,225	308,135
Net OPEB obligation, beginning of FY	15,519,874	9,626,583	784,553	476,418
Net OPEB obligation, end of FY	\$ 24,949,295	\$ 15,519,874	\$ 1,486,778	\$ 784,553

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The Department's net OPEB obligation is included on the Statement of Net Assets in other non-current liabilities. The Department's annual OPEB cost, the percentage of annual cost contributed to the plan and the net OPEB obligation for 2010 and 2011 were as follows:

	Year-ended	Annual OPEB cost	% of OPEB cost contribution	Net OPEB obligation
Self-funded/HPN	June 30, 2009	\$ 5,107,050	16.7%	\$ 9,626,583
Self-funded/HPN	June 30, 2010	\$ 6,790,801	13.2%	\$ 15,519,874
Self-funded/HPN	June 30, 2011	\$ 10,870,893	13.3%	\$ 24,949,295
PEBP plan	June 30, 2009	\$ 612,106	107.8%	\$ 476,418
PEBP plan	June 30, 2010	\$ 967,687	68.2%	\$ 784,553
PEBP plan	June 30, 2011	\$ 979,946	28.3%	\$ 1,486,778

Funded status and funding progress

The funded status of the plans as of the most recent actuarial date, July 1, 2010, was as follows:

	Self funded/ HPN	PEBP
Actuarial accrued liability (a)	\$ 95,469,098	\$ 17,417,513
Actuarial value of plan assets (b)	-	-
Unfunded actuarial accrued liability (funding excess) (a) - (b)	\$ 95,469,098	\$ 17,417,513
Funded ratio	0.0%	0.0%
Covered payroll (c)	\$ 76,755,580	\$ -
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll [(a) - (b)] / (c)]	124.4%	N/A*

*PEBP no longer has active employees effective 9/1/08.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plans and the annual required contributions of the employer are subject to continual revision and actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows, in future years, whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial methods and assumptions

Projections of benefits are based on the substantive plans (the plans as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit

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costs between the Department and the plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions are as follows:

	Self-funded HPN	PEBP
Actuarial valuation date	7/1/2011	7/1/2011
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar	Level dollar
Remaining amortization period	30 years, open	30 years, open
Asset valuation method	No assets in trust	No assets in trust
Actuarial assumptions:		
Investment rate of return	4.00%	4.00%
Projected salary increase	N/A	N/A
Healthcare inflation rate	10% initial 5% ultimate	8% initial 5% ultimate

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6.) CHANGES IN CAPITAL ASSETS

The following schedule details the additions, retirements and transfers of capital assets during FY 2011. The schedule also details changes in accumulated depreciation for FY 2011:

	Balance Jun. 30, 2010 (000)	Additions and Reclasses (000)	Deletions and Reclasses (000)	Balance June 30, 2011 (000)
Capital Assets, not being depreciated:				
Land	\$ 579,586	\$ 5,259	\$ -	\$ 584,845
Avigation easement	294,284	-	-	294,284
Construction in progress	1,561,160	605,698	(106,202)	2,060,656
Total capital assets, not being depreciated:	2,435,030	610,957	(106,202)	2,939,785
Capital assets, being depreciated:				
Land Improvements	1,233,898	71,603	-	1,305,501
Buildings and improvements	1,744,165	21,773	(13,231)	1,752,707
Machinery and equipment	281,138	14,031	(637)	294,532
Furniture and fixtures	17,253	135	(41)	17,347
Total capital assets being depreciated:	3,276,454	107,542	(13,909)	3,370,087
Less accumulated depreciation:				
Land improvements	(503,302)	(55,303)	-	(558,605)
Buildings and improvements	(505,940)	(54,028)	1,054	(558,914)
Machinery and equipment	(148,988)	(22,759)	601	(171,146)
Furniture and fixtures	(13,038)	(1,194)	41	(14,191)
Total accumulated depreciation	(1,171,268)	(133,284)	1,696	(1,302,856)
Total capital assets being depreciated, net	2,105,186	(25,742)	(12,213)	2,067,231
Governmental activities capital assets, net	\$ 4,540,216	\$ 585,215	\$ (118,415)	\$ 5,007,016

	Balance Jun. 30, 2009 (000)	Additions and Reclasses (000)	Deletions and Reclasses (000)	Balance June 30, 2010 (000)
Capital Assets, not being depreciated:				
Land	\$ 575,696	\$ 3,890	\$ -	\$ 579,586
Avigation easement	294,284	-	-	294,284
Construction in progress	792,368	907,602	(138,810)	1,561,160
Total capital assets, not being depreciated:	1,662,348	911,492	(138,810)	2,435,030
Capital assets, being depreciated:				
Land Improvements	1,208,054	25,949	(105)	1,233,898
Buildings and improvements	1,623,339	120,830	(4)	1,744,165
Machinery and equipment	277,373	6,993	(3,228)	281,138
Furniture and fixtures	17,489	44	(280)	17,253
Total capital assets being depreciated:	3,126,255	153,816	(3,617)	3,276,454
Less accumulated depreciation:				
Land improvements	(447,956)	(55,361)	15	(503,302)
Buildings and improvements	(454,138)	(51,806)	4	(505,940)
Machinery and equipment	(129,385)	(22,623)	3,020	(148,988)
Furniture and fixtures	(11,534)	(1,760)	256	(13,038)
Total accumulated depreciation	(1,043,013)	(131,550)	3,295	(1,171,268)
Total capital assets being depreciated, net	2,083,242	22,266	(322)	2,105,186
Governmental activities capital assets, net	\$ 3,745,590	\$ 933,758	\$ (139,132)	\$ 4,540,216

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For the Years Ended June 30, 2011 and 2010

7.) DEFERRED CHARGES

Deferred charges for fiscal year 2011 and 2010 are as follows:

	June 30, 2011 (000)	Jun. 30, 2010 (000)
Bond Issue or Swap Issuance Expenses		
1993A	\$ 98	\$ 185
1998 PFC	592	654
2002 PFC	35	82
2003 Series B General Obligation	374	405
2003 Series C Jet A Fuel Tax	1,803	2,075
2004 Series A-1	1,264	1,430
2004 Series A-2	3,289	3,454
2005 Series A-1 PFC	-	776
2005 Series A-2 PFC	-	770
2005 Series A Senior	866	898
2006 Series A	446	494
2007 Series A-1 PFC	1,064	1,153
2007 Series A-2 PFC	912	971
2007 Series A-1	1,426	1,578
2007 Series A-2	713	739
2008 Series A General Obligation	242	258
2008 Series A PFC	530	660
2008 Series A	1,433	1,667
2008 Series B	1,433	1,667
2008 Series C	1,043	972
2008 Series D-1	225	194
2008 Series D-2	845	712
2008 Series D-3	458	355
2008 Series E	176	263
2009 Series A and 2009 Swaps	4,667	4,890
2009 Series B Build America Bonds	3,163	3,280
2009 Series C	1,144	1,232
2010 Forward Starting Swap	1,414	1,462
2010 Series A PFC	4,576	4,761
2010 Series B	2,338	2,424
2010 Series C Build America Bonds	4,060	4,190
2010 Series D	781	867
2010 Series E Junior Lien Notes	812	904
2010 Series F1 PFC	570	-
2010 Series F2 PFC	451	-
2011 Forward Starting Swap	1,824	1,824
Total Bond Issue or Swap Issuance Expenses	45,067	48,246
Unamortized Consolidated Rental Car Lease Cost	16,216	19,036
Deferred Loss on Imputed Debt (see Note 9)	11,681	-
	<u>\$ 72,964</u>	<u>\$ 67,282</u>

CLARK COUNTY DEPARTMENT OF AVIATION
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For the Years Ended June 30, 2011 and 2010

8.) LONG-TERM DEBT

(a) A summary of long-term debt transactions for the fiscal years ended June 30, 2011 and 2010 are as follows:

	Balance June 30, 2010 (000)	Additions (000)	Refunding (000)	Pay downs (000)	Balance June 30, 2011 (000)	
SENIOR LIEN BONDS:						
1993 Series A	\$ 96,700	\$ -	\$ -	\$ 30,100	\$ 66,600	1
2005 Series A	69,590	-	-	-	69,590	2
2008 Series E	61,165	-	-	9,195	51,970	2
2009 Series B Build America Bonds	300,000	-	-	-	300,000	2
2010 Series C Build America Bonds	454,280	-	-	-	454,280	2
2010 Series D	132,485	-	-	-	132,485	2
Sub-Total Senior Lien Bonds	1,114,220	-	-	39,295	1,074,925	
SUBORDINATE LIEN BONDS:						
1998 Series A	8,470	-	-	8,470	-	2
2004 Series A-1	128,430	-	-	-	128,430	2
2004 Series A-2	232,725	-	-	-	232,725	2
2006 Series A	63,405	-	-	12,465	50,940	2
2007 Series A-1	150,400	-	-	-	150,400	2
2007 Series A-2	56,225	-	-	-	56,225	2
2008 Series A	150,000	-	-	-	150,000	1
2008 Series B	150,000	-	-	-	150,000	1
2008 Series C	266,000	-	-	-	266,000	1
2008 Series D-1	58,920	-	-	-	58,920	1
2008 Series D-2	199,605	-	-	-	199,605	1
2008 Series D-3	122,865	-	-	-	122,865	1
2009 Series C	168,495	-	-	-	168,495	2
2010 Series B	350,000	-	-	-	350,000	2
Sub-Total Subordinate Lien Bonds	2,105,540	-	-	20,935	2,084,605	
PFC BONDS:						
1998 PFC	81,690	-	-	-	81,690	2
2002 PFC	13,940	-	-	5,335	8,605	2
2005 Series A-1	115,000	-	109,500	5,500	-	1
2005 Series A-2	114,900	-	109,300	5,600	-	1
2007 Series A-1	113,510	-	-	-	113,510	2
2007 Series A-2	105,475	-	-	-	105,475	2
2008 Series A	115,845	-	-	6,260	109,585	2
2010 Series A	450,000	-	-	-	450,000	2
2010 Series F-1	-	104,160	-	-	104,160	2
2010 Series F-2	-	100,000	-	-	100,000	1
Sub-Total PFC Bonds	1,110,360	204,160	218,800	22,695	1,073,025	
THIRD LIEN BONDS:						
2003 General Obligation Series B	37,000	-	-	-	37,000	2
2003 Jet A Fuel Tax Series C	96,420	-	-	3,225	93,195	2
2008 General Obligation Series A	43,105	-	-	-	43,105	1
Sub-Total Third Lien Bonds	176,525	-	-	3,225	173,300	
BOND ANTICIPATION NOTES:						
2010 Series E	300,000	-	100,000	-	200,000	3
2011 Series A	-	100,000	-	-	100,000	3
Sub-Total Bond Anticipation Notes	300,000	100,000	100,000	-	300,000	
Total principal outstanding	4,806,645	304,160	318,800	86,150	4,705,855	
Less:						
Current portion	86,150				191,265	
Unamortized premiums	(73,414)				(68,614)	
Unamortized deferred amount on refundings	45,326				42,487	
Unamortized discount	34,046				32,186	
Imputed borrowing from termination of hedge	-				(11,681)	
Total long-term debt outstanding	\$ 4,714,537				\$ 4,520,212	

1 Variable Rate Debt Obligations

2 Fixed Rate Bonds

3 Bond Anticipation Notes

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	Balance June 30, 2009 (000)	Additions (000)	Refunding (000)	Pay downs (000)	Balance June 30, 2010 (000)	
SENIOR LIEN BONDS:						
1993 Series A	\$ 124,900	\$ -	\$ -	\$ 28,200	\$ 96,700	1
2005 Series A	69,590	-	-	-	69,590	2
2008 Series E	61,430	-	-	265	61,165	2
2009 Series B Build America Bonds	-	300,000	-	-	300,000	2
2010 Series C Build America Bonds	-	454,280	-	-	454,280	2
2010 Series D	-	132,485	-	-	132,485	2
Sub-Total Senior Lien Bonds	255,920	886,765	-	28,465	1,114,220	
SUBORDINATE LIEN BONDS:						
1998 Series A	16,520	-	-	8,050	8,470	2
2004 Series A-1	128,430	-	-	-	128,430	2
2004 Series A-2	232,725	-	-	-	232,725	2
2006 Series A	74,255	-	-	10,850	63,405	2
2007 Series A-1	150,400	-	-	-	150,400	2
2007 Series A-2	56,225	-	-	-	56,225	2
2008 Series A	150,000	-	-	-	150,000	1
2008 Series B	150,000	-	-	-	150,000	1
2008 Series C	266,000	-	-	-	266,000	1
2008 Series D-1	58,920	-	-	-	58,920	1
2008 Series D-2	199,605	-	-	-	199,605	1
2008 Series D-3	122,865	-	-	-	122,865	1
2009 Series C	-	168,495	-	-	168,495	2
2010 Series B	-	350,000	-	-	350,000	2
Sub-Total Subordinate Lien Bonds	1,605,945	518,495	-	18,900	2,105,540	
PFC BONDS:						
1998 PFC	87,835	-	-	6,145	81,690	2
2002 PFC	19,010	-	-	5,070	13,940	2
2005 Series A-1	120,200	-	-	5,200	115,000	1
2005 Series A-2	120,200	-	-	5,300	114,900	1
2007 Series A-1	113,510	-	-	-	113,510	2
2007 Series A-2	105,475	-	-	-	105,475	2
2008 Series A	115,845	-	-	-	115,845	2
2010 Series A	-	450,000	-	-	450,000	2
Sub-Total PFC Bonds	682,075	450,000	-	21,715	1,110,360	
THIRD LIEN BONDS:						
2003 General Obligation Series B	37,000	-	-	-	37,000	2
2003 Jet A Fuel Tax Series C	99,120	-	-	2,700	96,420	2
2008 General Obligation Series A	43,105	-	-	-	43,105	1
Sub-Total Third Lien Bonds	179,225	-	-	2,700	176,525	
BOND ANTICIPATION NOTES:						
2008 Series F	400,000	-	400,000	-	-	3
2009 Series A	-	400,000	300,000	100,000	-	3
2010 Series E	-	300,000	-	-	300,000	3
Sub-Total Bond Anticipation Notes	400,000	700,000	700,000	100,000	300,000	
Total principal outstanding	3,123,165	2,555,260	700,000	171,780	4,806,645	
Less:						
Current portion	71,780				86,150	
Unamortized premiums	(41,532)				(73,414)	
Unamortized deferred amount on refundings	51,954				45,326	
Unamortized discount	31,196				34,046	
Total long-term debt outstanding	\$ 3,009,767				\$ 4,714,537	

1 Variable Rate Debt Obligations

2 Fixed Rate Bonds

3 Bond Anticipation Notes

CLARK COUNTY DEPARTMENT OF AVIATION
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(b) Senior Lien Bonds

The issuance of senior lien bonds is authorized pursuant to the Nevada Municipal Airports Act, the Nevada Local Governments Securities Law and the Nevada Registration of Public Securities Law. All senior lien bonds are issued in accordance with the Master Indenture of Trust (the Indenture), dated May 1, 2003, between Clark County and The Bank of New York Mellon Trust Company, N.A. Senior lien bonds are secured by and are payable from Net Revenues of the Airport System after the payment of all Airport System operating and maintenance expenses. Pursuant to the Indenture, the Department has covenanted to fix, charge, and collect rentals, fees and charges for the use of the Airport System in order that in any fiscal year the Gross Revenues, together with any other available funds, will at all times be at least sufficient to: 1) provide for the payment of all Airport System operation and maintenance expenses in such fiscal period; and 2) provide an amount not less than 125 percent of the aggregate debt service requirement (the Coverage) for all of the senior lien bonds then outstanding for the fiscal year. The actual senior lien Coverage ratio for FY 2011 and FY 2010 was 3.19 and 2.68, respectively. During FY 2010, the Airport System issued \$886.8 million in new Senior Lien Bonds. The American Recovery and Reinvestment Act (ARRA) provided the Airport System with opportunities to issue bonds at very reasonable rates under the Taxable Direct Build America Bond structure and the Alternative Minimum Tax (AMT) holiday. During fiscal year 2010, the Department issued \$754.3 million in Taxable Direct Build America Bonds that were sold as taxable bonds and the Federal Government rebates thirty-five percent (35.0%) of the interest back to the Airport System. During fiscal year 2010, the Department also issued \$132.5 million of Airport System General Airport Revenue Bonds Non-AMT Private Activity Bonds that are not subject to the Alternative Minimum Tax. As of June 30, 2011, the Airport System has \$1.1 billion in outstanding Senior Lien bonds.

(c) Subordinate Lien Bonds

The issuance of subordinate lien bonds is authorized pursuant to the Nevada Municipal Airports Act, the Nevada Local Governments Securities Law and the Nevada Registration of Public Securities Law. All subordinate lien bonds are issued in accordance with the Master Indenture of Trust (the Indenture), dated May 1, 2003, between Clark County and The Bank of New York Mellon Trust Company, N.A. Subordinate lien bonds are secured by and are payable from Net Revenues of the Airport System after the payment of all Airport System operating and maintenance expenses and after the payment of all senior lien debt service. Pursuant to the Indenture, the Department has covenanted to fix, charge, and collect rentals, fees and charges for the use of the Airport System in order that in any fiscal year the Gross Revenues, together with any other available funds, will at all times be at least sufficient to: 1) provide for the payment of all Airport System operation and maintenance expenses in such fiscal period; and 2) provide an amount not less than 110 percent of the aggregate debt service requirement (the Coverage) for all of the senior lien and subordinate lien bonds then outstanding for the fiscal year. The actual subordinate lien Coverage ratio for FY 2011 and 2010 was 1.72 and 1.5, respectively. FY 2011, the Department issued no additional Subordinate Lien bonds. As of June 30, 2011, the Department has \$2.1 billion in outstanding Subordinate Lien Bonds. During FY 2010, the Airport System issued \$518.5 million in additional

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Subordinate Lien Bonds to fund the new Terminal 3 project. Under the provisions of the American Recovery and Reinvestment Act (ARRA), the Department was able to issue these bonds as Non-AMT Private Activity Bonds.

(d) PFC Bonds

The issuance of PFC bonds is authorized pursuant to the Nevada Municipal Airports Act, the Nevada Local Governments Securities Law and the Nevada Registration of Public Securities Law. All PFC bonds are issued in accordance with the Master Indenture of Trust (the Indenture), dated May 1, 2003, between Clark County and The Bank of New York Mellon Trust Company, N.A. PFC bonds are secured by a pledge of and lien upon pledged PFC revenues derived from a \$4.50 PFC which has been imposed by the County under authorization of the Federal Aviation Act. In addition, the PFC Bonds are secured by and are payable from Net Revenues of the Airport System subordinate and junior to the lien on outstanding Senior Lien Bonds. PFC Bonds are secured by and are payable from Net Revenues of the Airport System on a parity with outstanding Subordinate Lien Bonds. For FY 2008 the Department collected a PFC of \$4.00 per qualifying enplaned passenger. Effective October 1, 2008 the PFC rate increased to \$4.50 per qualifying enplaned passenger. In Fiscal Year 2011, the department collected \$77.9 million in PFC Proceeds and received \$1.0 million in interest earnings and pledged \$78.9 million toward debt service payments associated with outstanding PFC Bonds. In Fiscal Year 2010, the Department collected \$77.3 million in PFC proceeds and received \$4.5 million in interest earnings and pledged \$65.6 million toward debt service payments associated with outstanding PFC Bonds and \$16.2 million toward debt service payments on certain Subordinate Lien Bonds that were used to fund FAA approved projects. There is no coverage required for the PFC Bonds. During FY 2011, the Department issued \$204.2 million of Series 2010 F1 and F2 Non-AMT Private Activity PFC backed Subordinate Lien Bonds under the provisions of the American Recovery and Reinvestment Act (ARRA). In doing so, the department refunded \$219 million of previously issued Series 2005A1 and A2 PFC Bonds. As of June 30, 2011, the Department has \$1.1 billion in outstanding PFC pledged bonds.

(e) Third Lien Bonds

In May of 2003, the County issued two series of Clark County, Nevada, General Obligation (Limited Tax) Airport Bonds in the amount of \$79.6 million for the purpose of refunding some 1993 General Obligation Airport Bonds. The issuance of Third Lien bonds is authorized pursuant to the Nevada Municipal Airports Act, the Nevada Local Governments Securities Law and the Nevada Registration of Public Securities Law. The bonds were issued in accordance with the Master Indenture of Trust (the Indenture), dated May 1, 2003, between Clark County and The Bank of New York Mellon Trust Company, N.A. The Third Lien Bonds constitute direct and general obligations of the County. The full faith and credit of the County is pledged for the payment of principal and interest subject to Nevada constitutional and statutory limitations on the aggregate amount of ad valorem taxes and certain other limitations on the amount of ad valorem taxes the County may levy. The Third Lien Bonds are also secured by and are payable from Net Revenues of the Airport System subordinate and junior to the lien on Senior Lien Bonds and Subordinate Lien Bonds. Pursuant to the Indenture, the Department has covenanted to fix, charge, and collect

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rentals, fees and charges for the use of the Airport System sufficient to pay debt service on the Senior Lien Bonds, the Subordinate lien Bonds, and the General Obligation (Limited Tax) Airport Bonds. During FY 2011 and FY 2010, no additional third lien bonds were issued by the Department.

Also in May 2003, the County issued \$105.4 million of Jet Aviation Fuel Tax Revenue Bonds (Jet A Bonds) to finance certain improvements to the Airport System. The Jet A Bonds are payable from, and secured by a pledge of and lien upon the proceeds of a two-cent-per-gallon tax on jet aviation fuel sold, distributed or used in Clark County, Nevada. These bonds are also secured by and are payable from Net Revenues of the Airport System subordinate and junior to the lien on Senior Lien Bonds and Subordinate Lien Bonds. The Jet A Bonds are secured by and are payable from Net Revenues of the Airport System on a parity with outstanding Third Lien Bonds. The Jet A Bonds do not constitute a debt of Clark County within the meaning of any constitutional or statutory provision or limitations and neither the full faith and credit nor the taxing power of the County is pledged to the payment of these Jet A Bonds. The jet aviation fuel tax collected during fiscal years 2011 and 2010 totaled \$7.3 million and \$7.8 million respectively. For fiscal years 2011 and 2010, the debt service on the Jet A Bonds totaled \$8.8 million and \$8.3 million, respectively. Shortages in debt service from fuel tax collections are funded with Airport Revenues. No additional Jet A Bonds were issued during fiscal years 2011 or 2010.

(f) Bond Anticipation Notes

On July 1, 2009, the Department issued \$400 million of AMT Airport System Junior Subordinate Lien Revenue Notes, Series 2009A to refund the outstanding Clark County, Nevada, Airport System Junior Subordinate Lien Revenue Notes, Series 2008F. On May 5, 2010, the Department paid down \$100.0 million of the Series 2009A Notes and refinanced the remaining Series 2009A Notes with a \$100.0 million one-year Airport System Junior Lien Subordinate Lien Note, and a \$200.0 million two-year Airport System Junior Lien Subordinate Lien Note for the purpose of funding the Terminal 3 project. Both of these notes are secured by a subordinate lien on the Net Revenues of the Airport System. The one-year note known as Series E-1, has an effective interest rate of 0.63 percent and the two-year note, Series E-2 has an effective interest rate of 1.78 percent. On May 15, 2011, the Department issued \$100 million of AMT Airport System Junior Subordinate Lien Revenue Notes, Series 2011A to refund Clark County, Nevada Airport System Junior Lien Revenue Notes Series 2010E1 and to pay certain costs of issuance thereof.

(g) Arbitrage Rebate Requirement

The Tax Reform Act of 1986 imposes a rebate requirement with respect to bonds issued by the County. Under this act, an amount may be required to be rebated to the United States Treasury, so that all interest on the bonds qualifies for exclusion from gross income for federal income tax purposes.

During FY 2011, the Department did not make any arbitrage payments and is current on all required arbitrage payments. As of June 30, 2011, the Department has estimated its potential arbitrage rebate liability and has

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accrued \$1.6 million to cover such estimated liability. In FY 2010, the Department paid \$0.1 million in arbitrage payments and accrued \$1.4 million to cover estimated arbitrage liabilities.

(h) A brief description of each bond series issued follows:

Senior Lien Bonds:

Series 1993A

In September 1991, the County entered into a swap financing agreement. Under the terms of the swap agreement, in May 1993, the County issued \$339 million of Non-AMT variable rate twenty-year Airport Revenue Bonds, Series 1993A. Upon issuance of the 1993A bonds, \$318 million of the 1983 Airport Revenue Bonds were refunded. Furthermore, the County swapped with the counterparty its variable rate debt for a fixed rate debt service payment based on a fixed rate of 6.69 percent. Interest is due January 1 and July 1, and principal is due annually on July 1. Annual debt service payments range from \$25.5 million to \$37.2 million through July 1, 2012. At the time of the refunding of the 1983 bonds, future cash flow savings amounted to \$110 million and had a discounted present value of over \$65 million. The then applicable accounting principles required the recognition of an extraordinary loss of \$24.7 million on the refunding. The stand-by purchase agreement (SBPA) for the 1993A bonds is with Dexia and JP Morgan and has a term through 2012. The annual fee for the SBPA is 25 basis points. The bonds are insured by Municipal Bond Investors Assurance Corp. (MBIA).

Series 2005A:

In September 2005, the County issued \$69.6 million in Non-AMT fixed rate Airport System Senior Lien Revenue Bonds. \$25.9 million of the term bonds mature in 2037 and provide for an interest rate of 4.5 to 5.0 percent. The yield interest rate is 4.42 to 4.62 percent. The balance of the term bonds matures in 2040. The 2005A bonds were issued to finance the cost of certain capital improvements to the Airport System, purchase a reserve fund insurance policy and to pay certain costs of issuance. The bonds are insured by Ambac Assurance Corp (Ambac).

Series 2008E:

On May 15, 2008, the County issued \$61.4 million in Non-AMT fixed rate Airport System Senior Lien Revenue Bonds. The bonds mature in 2017 and provide for an interest rate of 4.0 to 5.0 percent. The yield interest rate is 2.33 to 4.01 percent. The 2008E bonds were issued for the purpose of refunding a portion of the outstanding Clark County, Nevada Airport System Subordinate Lien Revenue Bonds, Series 1998A, to fund a deposit to the reserve fund for the Series 2008E bonds and to pay certain costs of issuance. The bonds are uninsured.

Series 2009B:

On September 16, 2009, the County was the first airport to issue fixed rate Taxable Direct Payment Build America Bonds under the provisions of the American Recovery and Reinvestment Act of 2009. The interest on the \$300

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million in Build America Bonds that were issued is not excluded from gross income for purposes of federal income taxation. Pursuant to the Recovery Act, the Department expects to receive a cash subsidy payment from the United States Treasury equal to 35 percent of the interest payable on the Series 2009B Bonds on or about each interest payment date. The Series 2009B Bonds have an interest rate of 6.88 percent, however when the 35 percent rebate is factored in, the effective interest rate is 4.47 percent. The bonds mature in 2042 and were issued to fund height restriction settlements and the construction of Terminal 3. No debt service reserve fund was required and the bonds were not insured.

Series 2010C:

On February 9, 2010, the County issued \$454,280,000 of fixed rate Taxable Direct Payment Build America Bonds under the provisions of the American Recovery and Reinvestment Act (Recovery Act) of 2009. The interest on these bonds is not excluded from gross income for purposes of federal income taxation. Pursuant to the Recovery Act, the Department expects to receive a cash subsidy payment from the United States Treasury equal to 35 percent of the interest payable on the Series 2010C Bonds on or about each interest payment date. The Series 2010C Bonds have an interest rate of 6.82 percent, however when the 35 percent rebate is factored in, the effective interest rate is 4.43 percent. The bonds mature in 2045 and were issued to fund height restriction settlements and the construction of Terminal 3. No debt service reserve fund was required and the bonds were not insured.

Series 2010D:

On February 9, 2010, the County issued \$132,485,000 of fixed rate Senior Lien Non-AMT, Private Activity, Airport System Revenue Bonds to finance a portion of the new Terminal 3 project. The bonds mature in 2024 and provide for an interest rate of between 3.0 percent and 5.0 percent. The yield interest rate ranges from 2.5 percent and 4.37 percent. The bonds were uninsured and there is no debt service reserve fund required.

Subordinate Lien Bonds:

Series 1998A:

In April 1998, the County issued \$121 million of Non-AMT fixed rate Airport System Subordinate Lien Revenue Bonds, Series 1998A, with a premium of \$4 million and an interest rate ranging from 3.75 percent to 6.0 percent. The yield interest rate is 4.30 to 5.23 percent. Interest is due January 1 and July 1, and principal is due annually on July 1. The original bond proceeds were used to substantially retire portions of the 1988 bonds.

In May 2008, the County refunded \$59.5 million of the Series 1998A bonds leaving an outstanding balance of \$24.1 million at June 30, 2008. There was no outstanding balance on the 1998A bonds as of June 30, 2011. The 1998A bonds are insured by MBIA.

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Series 2004A:

In July 2004, the County issued \$361.2 million of fixed rate Airport System Subordinate Lien Revenue Bonds, Series 2004A. Under this issuance, \$128.4 million was AMT and \$232.7 million was Non-AMT. Interest rates for Series 2004A-1 range from 5.00 percent to 5.25 percent through maturity at 2024. The yield interest rate is 4.18 to 5.13 percent. The Series 2004A-2 has a fixed interest rate of 5.125 percent through 2027 and 5.00 percent to maturity at 2036. The yield interest rate is 4.93 to 5.22 percent. Interest is due January 1 and July 1, and principal is due annually on July 1 commencing July 1 2012 for the 2004 A-1 series and July 1, 2024 for the 2004 A-2 series. The Series 2004 bonds were issued to finance the cost of certain capital improvements, refund the \$38.8 million in outstanding Series 1999B-2 bonds, fund capitalized interest, and to pay certain issuance costs. The bonds are insured by Financial Guarantee Insurance Company (FGIC).

Series 2006A:

In August 2006, the County issued \$100.0 million in fixed rate Non-AMT Airport System Subordinate Lien Revenue Bonds. The 2006A bonds mature on July 1, 2040 and have fixed interest rates ranging from 4.0 percent to 5.0 percent. The yield interest rate is 3.58 to 4.46 percent. Interest is payable on January and July 1 of each year and principal payments are due on July 1. The 2006A bond proceeds were used to finance certain runway and apron improvements at the Airport. The Bonds are insured through Ambac.

Series 2007A:

In May 2007, the County issued \$206.7 million in fixed rate Airport System Subordinate Lien Revenue Bonds, \$150.4 AMT and \$56.3 Non-AMT. The 2007A1 Bond matures on July 1, 2027, 2007A2 Bond matures July 1, 2040 and have a fixed interest rate of 5.0 percent. The yield interest rate is 3.96 to 4.43 percent. Interest is payable on January and July 1 of each year and principal payments are due on July 1. The 2007A Bond proceeds are being used to finance the early civil package associated with the new Terminal 3 project. The Bonds are insured by Ambac.

Series 2008 A and B:

In June 2008, the County issued \$300.0 million in AMT weekly variable rate debt obligations. The Series 2008 A and B bonds mature July 2022. The Series 2008 bonds were issued to refund the outstanding Clark County, Nevada, Airport System Junior Subordinate Lien Revenue Notes, Series 2006B-1, and to pay certain costs of issuance. The Stand-by Purchase Agreement (SBPA) for the 2008 A and B bonds has a term through 2013. The annual fee for the commitment is 29 basis points from one provider (Dexia) and 25 basis points from the other provider, Banco Bilbao Vizcaya Argentaria (BBVA). The bonds are insured by Financial Security Assurance, Inc. (FSA).

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Series 2008 C, 2008D-1, and 2008D-2:

In March 2008, the County issued \$524.3 million in weekly variable rate debt obligations, \$266.0 million in AMT and \$258.3 in Non-AMT. The Series 2008C and 2008D-1 and 2008D-2 bonds were issued for the purpose of refunding the outstanding Clark County, Nevada Adjustable Rate Airport System Subordinate Lien Revenue Bonds, Series 2005B, the outstanding Clark County, Nevada Airport System Subordinate Lien Revenue Bonds, Series 2005C-1A, Series 2005C-1B, Series C-2, Series 2005C-3, the outstanding Clark County, Nevada Airport System Subordinate Lien Revenue Bonds, Series 2005D-1, Series 2005D-2, Series 2005D-3, and the outstanding Clark County, Nevada Airport System Subordinate Lien Revenue Bonds, Series 2005E-1, Series 2005E-2, Series 2005E-3, and to pay the cost of issuance. Final maturity for the 2008 C-1 bond issue is July 1, 2040; the 2008 C-2 and C-3 is July 1, 2029; the 2008 D-1 is July 1, 2036; and the 2008 D-2 is July 1, 2040.

On March 18, 2011, there was a re-offering on the series 2008C-1, 2008D-1, 2008D-2. Concurrently with this re-offering, the letters of credit (LOC) for the 2008C-1, 2008D-1, 2008D-2 were replaced. The new letters of credit expire on March 17, 2014 while the exiting LOC for the 2008C-2 & 2008C-3 remain in effect and expire on March 17, 2015. Also, as a result of the re-offering, the 2008D-2 series were split into the 2008D-2A and 2008D-2B at \$100 and \$99.6 million notional value, respectively. The remarketing agreements on said series were also replaced. The commitment fees associated with obtaining these [replacement] letters of credit were \$136 thousand for the 2008C-1, \$60 thousand for the 2008D-1 and \$181 thousand for the 2008D2. The annual fees for the series 2008C-1 are 105 basis points from JP Morgan. The Annual fees for the series 2008D-1 are 85 basis points from Citibank, N.A. The annual fees for the series 2008D-2A are 85 basis points from Citibank, N.A. The annual fees for the series 2008D-2B are 85 basis points from RBC. The remarketing agreements for said series are all through Citibank Global Markets Inc. except for the 2008D-2B which is through RBC Capital Markets, LLC. The annual fees on the 2008C-2 & 2008C-3 are 34 basis points from Landesbank Baden-Wurttemberg (LBBW); the remarketing agent for the 2008C-2 is JP Morgan. The remarketing agent for the 2008C-3 is Citigroup Global Markets Inc. The bonds are not insured.

Series 2008D-3:

In April, 2008, the County issued \$122.9 million in Non-AMT weekly variable rate debt obligations. The Series 2008D-3 bonds were issued for the purpose of refunding the outstanding Clark County, Nevada, 2001C bonds. The bonds mature in July, 2029. On March 18, 2011, there was a re-offering on the series 2008D-3. Concurrently, with this re-offering, the letter of credit (LOC) for the 2008D-3 was replaced. The new Letter of Credit (LOC) associated with the 2008 D-3 bonds has a term through 2015. The commitment fee associated with the [replacement] LOC on the 2008D-3 was \$127 thousand. The annual fees for the series 2008D-3 are 105 basis points from Bank of America. The remarketing agent for the 2008D-3 is Citigroup Global Markets, Inc. The bonds are not insured.

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Series 2009C:

On September 16, 2009, the County issued \$168.5 million of fixed rate Non-AMT, Private Activity Airport System Subordinate Lien Revenue Bonds. The bonds were issued to pay for the construction costs of a portion of the Terminal 3 project and to fund a capitalized interest account and purchase a reserve fund surety policy. The bonds mature 2026 and are insured by Financial Security Assurance Inc. The bonds have an interest rate of 5.0 percent. The yield interest rate is 4.12 to 4.45 percent.

Series 2010B:

On January 22, 2010, the County issued \$350 million of fixed rate Non-AMT Private Activity Airport System Subordinate Lien Revenue Bonds. The bonds were issued to pay for a portion of the Terminal 3 project, fund capitalized interest during construction and make a cash deposit in the debt service reserve fund. The bonds mature in 2042 and have interest rates from 5.0 percent to 5.75 percent. The yield interest rate is 5.125 to 5.350 percent. The bonds were not insured.

Passenger Facility Charge Revenue Bonds:

Series 1998:

In April 1998, the County issued \$214.3 million of Non-AMT Airport Passenger Facility Charge Refunding Revenue Bonds, Series 1998 at a discount of \$5.4 million. Interest rates on the bonds range from 4.1 percent to 5.5 percent. Interest is due January 1 and July 1, and principal is due annually on July 1. Annual debt service payments range from \$10.8 million to \$22.9 million through 2022. The 1998 bonds refunded \$202.5 million of the 1992 PFC bonds. The refunding resulted in a loss of \$17.2 million which represents the difference between the refunded bonds adjusted for amortized costs and accrued interest and the face value of the new bonds. This refunding provided a future cash flow savings of \$11.6 million, with a present value savings of \$10.6 million. The Department has pledged all of its PFC proceeds to pay the debt service on all Airport System PFC Revenue Bonds. The Bonds are insured by MBIA.

In June 2008, the County refunded \$119.2 million of the 1998 PFC bonds with the 2008 Series A bonds to realize interest rate savings. The outstanding balance of the Series 1998 bonds at June 30, 2011 and 2010, were \$81.7 and \$81.7 million, respectively.

Series 2002A:

In November 2002, the County issued \$34.5 million of AMT Airport Passenger Facility Charge Refunding Revenue Bonds, Series 2002A at a premium of \$1.6 million. Interest on the bonds ranges from 2.32 percent to 5.25 percent. Interest is due January 1 and July 1, and principal is due annually on July 1. Annual debt service

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payments range from 0.9 million to \$7.0 million through 2013. The bonds refunded \$33.7 million of 1992 PFC bonds. The refunding resulted in a loss of \$2.0 million which represents the difference between the refunded bonds adjusted for amortized costs and accrued interest and the face value of the new bonds. This refunding provided a future cash flow savings of \$2.7 million, with a present value savings of \$2.1 million. The Department has pledged all of its PFC proceeds to pay the debt service on all Airport System PFC Revenue Bonds. The Bonds are insured by MBIA.

Series 2005A:

In March 2005, the County issued \$260.0 million of AMT Airport Passenger Facility Charge Refunding Revenue Bonds, Series 2005A. The bonds refunded the outstanding 1995A PFC bonds. The refunding resulted in a loss of \$18.8 million which represents the difference between the refunded bonds adjusted for amortized costs and accrued interest and the face value of the new bonds. This refunding provided a future cash flow savings of \$23.5 million, with a present value savings of \$15.7 million. The letter of credit (LOC) associated with the 2005A bonds has a term through 2011 and the annual fee is 14 basis points. The commitments fee to obtain the LOC totaled \$5,500. The bonds were insured by MBIA and that insurance policy was cancelled on September 16, 2008, and the Department executed a full letter of credit with BLB. The 2005A PFC Bonds were fully refunded on November 4, 2010 by the Series 2010F PFC Refunding Revenue Bonds. The 2005A PFC Bonds had no outstanding balance as of June 30, 2011.

Series 2007A:

In April 2007, the County issued \$218.9 million of fixed rate Airport Passenger Facility Charge Revenue Bonds, Series A-1 and A-2, \$113.5 AMT and \$105.5 Non-AMT. The Bond proceeds are being used to reimburse the Airport System for certain capital improvements at the Airport. The Bonds have an interest rate in the 4.0 to 5.0 percent range with maturity at July 1, 2026 for 2007A1 and July 1, 2027 for 2007A2. The yield interest rate is 4.02 to 4.52 percent. Interest payments are due on January 1 and July 1 of each year and principal payments are due every July 1. The Bonds are insured by Ambac.

Series 2008A:

In June 2008, the County issued \$115.9 million of fixed rate Non-AMT Airport Passenger Facility Charge Revenue Bonds, Series A. The bonds were issued for the purpose of refunding a portion of the Clark County, Nevada, Las Vegas – McCarran International Airport Passenger Facility Charge Revenue Bonds, Series 1998A and to pay for certain costs of issuance. The bonds have an interest rate of 5.0 to 5.25 percent and a yield interest rate of 3.06 to 4.52 percent. The bonds mature on July 1, 2018. The Bonds are not insured.

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Series 2010A:

On January 22, 2010, the County issued \$450 million, of fixed rate Non-AMT Private Activity Passenger Facility Charge Revenue Bonds. The bonds were issued for the purpose of financing the costs of the Terminal 3 project and to make a deposit in the debt service reserve fund. The bonds mature in 2042 and have an interest rate of between 3.0 percent and 4.625 percent. The yield interest rate is 2.02 to 4.71 percent. A portion (\$158.7 million) of the Series 2010A bonds are insured by Assured Guaranty Municipal Corp.

Series 2010F:

On November 4, 2010 the county issued \$204 million of Non-AMT Private Activity Passenger Facility Charge Refunding Revenue Bonds. \$104.2 million at a fixed rate that ranges between 2.00 and 5.00 percent and \$100 million at a weekly variable rate. The yield interest rate is .54 to 2.63 percent. The bonds were issued for the purpose of refunding the 2005A PFC bonds and to pay certain costs of issuance thereof. The bonds were issued at a premium of \$9.8 million and resulted in a loss of \$10.8 million. This refunding resulted in a net present value savings of \$2.4 million. The F1 series matures in 2017 and the F2 series matures in 2022. The remarketing agent on the series F2 Bonds is Citigroup Global Markets, Inc. and the letter of credit provider is Union Bank, N.A.

General Obligation Airport Bonds:

Series 2003B General Obligation Airport Bonds:

In May 2003, the County issued \$37.0 million in Series 2003B Non-AMT General Obligation (Limited Tax) Airport Bonds at a premium of \$933 thousand. The 2003B bonds have a fixed interest rate ranging from 4.75 percent to 5.0 percent. Interest is payable January 1 and July 1 of each year and principal is due annually commencing on July 1, 2022. The proceeds of the 2003B bonds were used to refund the 1993 General Obligation (limited tax) Airport Bonds. This transaction resulted in a loss of \$2.9 million which represents the total funds required for the retirement of the 1993 bonds less the face value of the retired bonds adjusted for unamortized costs of issuance and related accrued interest.

Series 2003C Jet A Bonds:

In May 2003, the County issued \$105.4 million of Series 2003C fixed rate AMT Jet Aviation Fuel Tax Revenue Bonds at a premium of \$8.0 million. Interest on the bonds ranges from 5.0 percent to 5.375 percent. The yield interest rate is 1.87 to 3.93 percent. Interest is due on January 1 and July 1, and principal is due annually on July 1. Annual debt service ranges from \$7.2 million to \$13.8 million and the bonds mature July 1, 2022. Proceeds from the bond issue were used to design and construct the in-line baggage system at the Airport. Proceeds from the Jet A Fuel Tax are currently projected to be sufficient to pay all debt service payments relating to the 2003C bonds. The Bonds are insured by Ambac.

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Series 2008A General Obligation Bonds:

In February 2008, the County issued \$43.1 million in Series 2008A AMT variable rate General Obligation (Limited Tax) bonds. The bonds were issued as weekly variable rate debt obligations with interest payable on January 1st and July 1st of each year. The bonds mature July 2027. The bonds were issued to refund the outstanding principal amount of Clark County, Nevada, General Obligation (Limited Tax) Airport Bonds, Series 2003A and to pay certain costs of issuance. The Letter of Credit (LOC) associated with the 2008A bonds has a term through 2015. The commitment fee for the LOC totaled \$5,500. The annual fees to maintain the LOC is 14 basis points from LBBW. The Bonds are not insured.

(i) The approximate maturities and interest of long-term debt are as follows:

Maturities of Long-Term Debt

Due for the Fiscal Year Ended June 30,	Total		Senior		Subordinate		PFC		Third lien	
	Principal (000)	Interest (000)	Principal (000)	Interest * (000)	Principal (000)	Interest (000)	Principal (000)	Interest (000)	Principal (000)	Interest (000)
2012	191,265	178,058	41,420	46,757	18,455	64,322	27,600	48,075	103,790	18,904
2013	305,535	166,973	49,315	45,122	23,830	63,301	27,985	47,040	204,405	11,510
2014	67,970	158,703	8,285	44,542	25,030	62,070	29,595	45,818	5,060	6,273
2015	66,900	155,391	8,155	44,131	22,060	60,882	30,915	44,387	5,770	5,991
2016	71,295	151,934	17,030	43,501	15,270	59,965	32,440	42,808	6,555	5,660
2017-2021	612,565	702,259	62,910	207,744	314,695	281,054	188,150	191,785	46,810	21,676
2022-2026	754,675	585,313	63,940	191,296	446,705	227,510	186,225	160,239	57,805	6,268
2027-2031	608,220	459,244	23,005	184,016	368,355	160,164	173,755	114,986	43,105	78
2032-2036	531,540	372,755	46,045	175,085	355,880	115,468	129,615	82,202	-	-
2037-2041	810,065	248,325	297,450	137,720	345,595	66,859	167,020	43,746	-	-
2042-2046	685,825	67,614	457,370	54,703	148,730	8,672	79,725	4,239	-	-
2047-2048	-	-	-	-	-	-	-	-	-	-
Total	<u>\$ 4,705,855</u>	<u>\$ 3,246,569</u>	<u>\$ 1,074,925</u>	<u>\$ 1,174,617</u>	<u>\$ 2,084,605</u>	<u>\$ 1,170,267</u>	<u>\$ 1,073,025</u>	<u>\$ 825,325</u>	<u>\$ 473,300</u>	<u>\$ 76,360</u>

*Interest payments on the 2009B and 2010C Build America Bonds are presented net of the 35.0 percent rebate payments from the U.S. Treasury.

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9.) DERIVATIVE INSTRUMENTS – INTEREST RATE SWAPS

(a) Interest Rate Swaps

The intention of the Department's swap portfolio was to change variable interest rate bonds to synthetically fixed rate bonds. As a means to lower its borrowing costs when compared against fixed-rate bonds at the time of issuance, the Department executed several floating-to-fixed swaps in connection with its issuance of variable rate bonds. The Department also executed forward starting swaps to lock in attractive synthetically fixed rates for future variable rate bonds. Some of the Department's swaps are structured with step-down coupons in order to shift savings from the early years to the later years of the swap.

As summarized in the tables below, the Department has 22 outstanding swap transactions as of June 30, 2011 with initial notional amounts totaling \$3.1 billion. The outstanding notional amount as of June 30, 2011, was \$2,455.4 million, including \$1,250.5 million in Floating-to-Fixed swaps; \$275.0 million of Forward Floating-to-Fixed swaps; and \$929.9 million in Basis swaps. The current mark-to-market or fair value of each derivative instrument is detailed below and the total valuation of all outstanding swap agreements as of June 30, 2011 is (\$82.6) million. The mark-to-market or fair value for each swap is estimated using the zero-coupon method. Under this method, future payments are calculated assuming that the current forward rates of the appropriate yield curve, Securities Industry and Financial Markets Association (SIFMA), formerly known as BMA or London Interbank Offered Rate (LIBOR), correctly anticipate future spot rates. These payments are then discounted using the spot rates implied by the current LIBOR yield curve for hypothetical zero-coupon rate bonds due on the date of each future net settlement on the swaps.

All of the swaps entered into by the Department comply with the County's swap policy. Each swap is written under standard International Swaps and Derivatives Association (ISDA) guidelines and documentation. This includes standard provisions for termination events, such as failure to pay or bankruptcy. The Department retains the right to terminate any swap agreement at the market value prior to maturity. The Department has termination risk under the contract particularly if an Additional Termination Event (ATE) was to occur. An ATE occurs if either the credit rating of the bonds associated with a particular swap agreement and the rating of the swap insurer falls below a pre-defined credit rating threshold, or the credit rating of the swap counterparty falls below a threshold as defined in the swap agreement.

With regard to credit risk, the potential exposure is mitigated through the use of an ISDA Credit Support Annex (CSA). Under the terms of the CSA, each swap counterparty is required to post collateral to a third party when their credit ratings fall below the trigger level as defined in each swap agreement. As long as the Department retains insurance and its credit rating stays above the established threshold, the

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Department is not required to post any collateral. This protects the Department from credit risks inherent in the swap agreements.

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Interest Rate Swap Analysis and Market Values
As of June 30, 2011 and 2010

Swap#	Interest Rate Swap Description	Associated Variable Rate Bonds	County Pays	County Receives	Effective Date	Maturity Date	Initial Notional Amount (\$000)	Counterparty	Counterparty Ratings			Outstanding Notional as of June 30,	
									Moody's	S&P	Fitch	2011 (\$000)	2010 (\$000)
01	Floating-to-Fixed	1993A Non-AMT	6.6900%	Bond Rate	6/1/1993	7/1/2012	\$ 259,700	AIG Financial Products Corp.	Baa1	A-	N/A	\$ 66,600	\$ 96,700
02	Basis Swap	Initially 2004B AMT	SIFMA Swap Index - 0.41%	72.5% of USD LIBOR - 0.410%	8/23/2001	7/1/2036	185,855	Citigroup Financial Products Inc.	A3	A	A+	82,057	82,717
03 *	Floating-to-Fixed	2005A-1, 2005A-2 AMT	5.4900% to 7/2010; 3.0000% to maturity	69.0% of USD LIBOR + 0.350%	4/4/2005	7/1/2022 *	259,900	Citigroup Financial Products Inc.	A3	A	A+	-	- *
04	Basis Swap	Initially 2001B, 1998A, 2003B Non-AMT	SIFMA Swap Index	68.0% of USD LIBOR + 0.435%	7/1/2003	7/1/2025	200,000	Citigroup Financial Products Inc.	A3	A	A+	142,920	149,802
05 *	Floating-to-Fixed	2008C AMT	4.9700% to 7/2010; 3.0000% to maturity	62.6% of USD LIBOR + 0.330%	3/19/2008	7/1/2025 *	60,175	Citigroup Financial Products Inc.	A3	A	A+	-	- *
06	Basis Swap	Initially 2004A-1 AMT, 2004 A-2 Non-AMT	SIFMA Swap Index	62.2% of USD LIBOR + 0.300% to 7/2010; 62.2% of USD LIBOR + 1.052% to maturity	9/1/2004	7/1/2025	300,000	Citigroup Financial Products Inc.	A3	A	A+	300,000	300,000
07A	Floating-to-Fixed	2008A AMT	4.3057% to 7/2017; 0.2500% to maturity	64.7% of USD LIBOR + 0.280%	7/1/2008	7/1/2022	150,000	JPMorgan Chase Bank, N.A.	Aa1	AA-	AA-	150,000	150,000
07B	Floating-to-Fixed	2008B AMT	4.3057% to 7/2017; 0.2500% to maturity	64.7% of USD LIBOR + 0.280%	7/1/2008	7/1/2022	150,000	UBS AG	Aa3	A+	A+	150,000	150,000
08A	Floating-to-Fixed	2008C AMT	4.0000% to 7/2015; 3.0000% to maturity	82.0% of USD LIBOR - 0.460% to 7/2009; 82.0% of 10 year CMS - 0.936% to maturity	3/19/2008	7/1/2040	151,200	Citigroup Financial Products Inc.	A3	A	A+	151,200	151,200
08B	Floating-to-Fixed	2008C AMT	4.0000% to 7/2015; 3.0000% to maturity	82.0% of USD LIBOR - 0.460% to 7/2009; 82.0% of 10 year CMS - 0.936% to maturity	3/19/2008	7/1/2040	31,975	JPMorgan Chase Bank, N.A.	Aa1	AA-	AA-	31,975	31,975
08C	Floating-to-Fixed	2008C AMT	4.0000% to 7/2015; 3.0000% to maturity	82.0% of USD LIBOR - 0.460% to 7/2009; 82.0% of 10 year CMS - 0.936% to maturity	3/19/2008	7/1/2040	31,975	UBS AG	Aa3	A+	A+	31,975	31,975
09A	Floating-to-Fixed	2008D-1 AMT	5.0000% to 7/2015; 1.2100% to maturity	82.0% of USD LIBOR - 0.560% to 7/2009; 82.0% of 10 year CMS - 1.031% to maturity	3/19/2008	7/1/2036	41,330	Citigroup Financial Products Inc.	A3	A	A+	41,330	41,330
09B	Floating-to-Fixed	2008D-1 AMT	5.0000% to 7/2015; 1.2100% to maturity	82.0% of USD LIBOR - 0.560% to 7/2009; 82.0% of 10 year CMS - 1.031% to maturity	3/19/2008	7/1/2036	8,795	JPMorgan Chase Bank, N.A.	Aa1	AA-	AA-	8,795	8,795
09C	Floating-to-Fixed	2008D-1 AMT	5.0000% to 7/2015; 1.2100% to maturity	82.0% of USD LIBOR - 0.560% to 7/2009; 82.0% of 10 year CMS - 1.031% to maturity	3/19/2008	7/1/2036	8,795	UBS AG	Aa3	A+	A+	8,795	8,795
10A *	Floating-to-Fixed	2008D-2 AMT	4.0030% to 7/2015; 2.2700% to maturity	62.0% of USD LIBOR + 0.280%	3/19/2008	7/1/2040 *	139,735	Citigroup Financial Products Inc.	A3	A	A+	-	- *
10B	Floating-to-Fixed	2008D-2 AMT	4.0030% to 7/2015; 2.2700% to maturity	62.0% of USD LIBOR + 0.280%	3/19/2008	7/1/2040	29,935	JPMorgan Chase Bank, N.A.	Aa1	AA-	AA-	29,935	29,935
10C	Floating-to-Fixed	2008D-2 AMT	4.0030% to 7/2015; 2.2700% to maturity	62.0% of USD LIBOR + 0.280%	3/19/2008	7/1/2040	29,935	UBS AG	Aa3	A+	A+	29,935	29,935
11 *	Floating-to-Fixed	2008D-3 Non-AMT	4.7420% to 7/2010; 1.2120% to maturity	62.0% of USD LIBOR + 0.280%	4/4/2008	7/1/2029 *	122,865	Citigroup Financial Products Inc.	A3	A	A+	-	- *
12A	Floating-to-Fixed	2009A AMT	5.6260% to 7/2017; 0.2500% to maturity	64.7% of USD LIBOR + 0.280%	7/1/2009	7/1/2026	200,000	Citigroup Financial Products Inc.	A3	A	A+	200,000	200,000
12B	Floating-to-Fixed	2009B AMT	6.0000% to 7/2017; 1.4550% to maturity	64.7% of USD LIBOR + 0.280%	7/1/2009	7/1/2038	350,000	Citigroup Financial Products Inc.	A3	A	A+	350,000	350,000
13 *	Floating-to-Fixed	2010A AMT	6.0000% to 7/2017; 1.9130% to maturity	61.9% of USD LIBOR + 0.270%	7/1/2010	7/1/2040 *	150,000	Citigroup Financial Products Inc.	A3	A	A+	-	- *
14A	Forward Floating-to-Fixed	2011A	3.8860%	64.4% of USD LIBOR + 0.280%	7/1/2011	7/1/2030	73,025	UBS AG	Aa3	A+	A+	73,025	73,025
14B	Forward Floating-to-Fixed	2011A	3.8810%	64.4% of USD LIBOR + 0.280%	7/1/2011	7/1/2037	201,975	Citigroup Financial Products Inc.	A3	A	A+	201,975	201,975
*Remaining portions of swaps after April 6, 2010 terminations													
15	Fixed Rate Basis Swap	swap #03 (amended and restated)	1.0200% until 7/1/2010	1.4700% starting at 7/1/2010	4/6/2010	7/1/2022	-	Citigroup Financial Products Inc.	A3	A	A+	64,351	67,631
16	Fixed Rate Basis Swap	swap #05 (amended and restated)	1.3700% until 7/1/2010	0.6000% starting at 7/1/2010	4/6/2010	7/1/2025	-	Citigroup Financial Products Inc.	A3	A	A+	50,850	50,850
17	Fixed Rate Basis Swap	swap #10A (amended and restated)	0.8730% until 7/1/2015	0.8600% starting at 7/1/2015	4/6/2010	7/1/2040	-	Citigroup Financial Products Inc.	A3	A	A+	139,735	139,735
18	Fixed Rate Basis Swap	swap #13 (amended and restated)	2.4930% until 7/1/2017	1.5940% starting at 7/1/2017	4/6/2010	7/1/2040	-	Citigroup Financial Products Inc.	A3	A	A+	150,000	150,000
							<u>\$ 3,137,170</u>					<u>\$ 2,455,453</u>	<u>\$ 2,496,375</u>

Source: The PFM Group

*Note - On April 6, 2010 the Department terminated the "on market" (at-market coupon) portion of its floating-to-fixed swaps #03, #05, #10A, #11, and #13. To fund the terminations the Department fully terminated the "off-market" (step-coupon) portion of swap #11 and partially terminated \$162.2M of \$229.9M notional of the "off-market" portion of Swap #03. The agreements related to Swaps #03, #05, #10A, and #13 were amended and restated and the new terms of the swap agreements are presented in the table above as Swaps #15, #16, #17, and #18, respectively.

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Derivative Instruments

As summarized in the previous section, the Department has entered into various interest rate swap agreements to hedge financial risks associated with the cost of borrowing and cash flows associated with the Department's variable interest rate debt.

In accordance with the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, the Department is required to report the fair value of all derivative instruments on the statement of net assets. In addition, GASB Statement No. 53 requires that all derivatives be sorted into two basic types; (1) hedging derivative instruments and (2) investment derivative instruments. Hedging derivatives instruments significantly reduce an identified financial risk by substantially offsetting changes in cash flows or fair values of an associated hedgeable item. Investment derivative instruments are entered into primarily for income or profit purposes or they are derivative instruments that do not meet the criteria of an effective hedging derivative instrument. Changes in fair value of hedging derivative instruments are deferred on the statement of net assets; and changes in fair value of investing derivative instruments are recognized as gains or losses on the statement of Revenue, Expenses, and Changes in Net Assets.

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The tables below provide the fair value and changes in fair value of the Department's interest rate swap agreements as of June 30, 2011 and 2010.

Interest Rate Swap Changes in Fair Values
For the fiscal year ended June 30, 2011

		Fair Value and Classifications as of Jun. 30, 2011			Changes in fair value for the twelve months ended Jun. 30, 2011		
Swap#	Description	Outstanding Notional (000)	Derivative Instrument Classification	Amount (000)	Deferred Outflows (000)	Deferred Inflows (000)	Net Change (000)
Hedging derivative instruments							
Cash flow hedges:							
01	Floating-to-Fixed Interest Rate Swap	\$ 66,600	Non-current liability	\$ (2,211)	\$ 3,993	\$ -	\$ 3,993
03	Floating-to-Fixed Interest Rate Swap	- *		- *	-	-	-
05	Floating-to-Fixed Interest Rate Swap	- *		- *	-	-	-
07A	Floating-to-Fixed Interest Rate Swap	150,000	Non-current liability	(11,617)	3,438	-	3,438
07B	Floating-to-Fixed Interest Rate Swap	150,000	Non-current liability	(11,610)	3,439	-	3,439
10A	Floating-to-Fixed Interest Rate Swap	- *		- *	-	-	-
10B	Floating-to-Fixed Interest Rate Swap	29,935	Non-current asset	239	1,188	239	1,427
10C	Floating-to-Fixed Interest Rate Swap	29,935	Non-current asset	239	1,188	239	1,427
11	Floating-to-Fixed Interest Rate Swap	- *		- *	-	-	-
12A	Floating-to-Fixed Interest Rate Swap	200,000	Non-current liability	(11,385)	9,087	-	9,087
12B *	Floating-to-Fixed Interest Rate Swap	350,000	Non-current liability	(12,538)	30,836	-	30,836
13	Forward Floating-to-Fixed Interest Rate Swap	- *		- *	-	-	-
14A	Forward Floating-to-Fixed Interest Rate Swap	73,025	Non-current liability	(11,165)	462	-	462
14B	Forward Floating-to-Fixed Interest Rate Swap	201,975	Non-current liability	(33,158)	2,559	-	2,559
Total hedging activities		1,251,470		(93,207)	56,191	478	56,669
					Gain/(loss) on investment (000)	*Deferrals included in gain/(loss) (000)	
Investing derivative instruments							
02	Basis Rate Swap	82,057	Non-current liability	(3,935)	\$ 1,981	\$ -	1,981
04	Basis Rate Swap	142,920	Non-current asset	71	1,655	-	1,655
06	Basis Rate Swap	300,000	Non-current asset	10,857	4,885	-	4,885
08A	Floating-to-Fixed Interest Rate Swap	151,200	Non-current asset	3,702	15,044	-	15,044
08C	Floating-to-Fixed Interest Rate Swap	31,975	Non-current asset	783	3,182	-	3,182
09A	Floating-to-Fixed Interest Rate Swap	41,330	Non-current asset	4,541	4,111	-	4,111
09B	Floating-to-Fixed Interest Rate Swap	8,795	Non-current asset	966	875	-	875
09C	Floating-to-Fixed Interest Rate Swap	8,795	Non-current asset	966	875	-	875
12B *	Floating-to-Fixed Interest Rate Swap	See note*	Non-current asset	1,171	(12)	1,183	1,171
*Remaining portions of swaps after April 6, 2010 terminations							
11	Floating-to-Fixed Interest Rate Swap	-		-	-	-	-
15	Fixed Rate Basis Swap (formerly Swap #03)	64,351	Non-current asset	5,090	(790)	-	(790)
16	Fixed Rate Basis Swap (formerly Swap #05)	50,850	Non-current asset	3,320	(220)	-	(220)
17	Fixed Rate Basis Swap (formerly Swap #10A)	139,735	Non-current asset	9,904	1,074	-	1,074
18	Fixed Rate Basis Swap (formerly Swap #13)	150,000	Non-current asset	6,297	2,692	-	2,692
Total investing activities		1,203,982		44,516	\$ 38,532	\$ 1,183	39,715
Total		\$ 2,455,452		\$ (48,691)			\$ 96,384

*On November 4, 2010 the Department refunded the outstanding principal of its Series 2005 A-1 and A-2 PFC bonds with the Series 2010 F-1 and F-2 PFC bonds. Upon refunding, swap #12B was re-associated with the cash flows of the \$100 million of outstanding principal of the Series 2010 F-2 PFC Bonds.

On November 4, 2010 the Department refunded the outstanding principal of its Series 2005 A-1 and A-2 PFC bonds with the Series 2010 F-1 and F-2 PFC bonds. At the time of refunding, swap #12B served as a hedge to the cash flows associated with \$100 million in principal of the Series 2005A PFC Bonds.

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Upon refunding, swap #12B was re-associated with the cash flows of the \$100 million of outstanding principal of the Series 2010 F-2 PFC Bonds and the fair value of swap #12B was revalued using the market rates at the time of the refunding, this created a deferred loss on refunding and imputed borrowing of \$12.4 million. In addition, cash flows associated with \$100 million in outstanding notional for swap #12B exceeded the cash flows associated with the outstanding principal of the Series 2010 F-2 PFC bonds, therefore a portion of the fair value of swap #12B is classified as a hedging derivative and the fair value of the excess portion is classified as an investment derivative.

For the fiscal year ended June 30, 2011, \$1.2 million of Swap 12B was reclassified from hedging derivative to investing derivative. No other swaps were reclassified for the fiscal year ended June 30, 2011.

Interest Rate Swap Changes in Fair Values
For the fiscal year ended June 30, 2010

Fair Value and Classifications as of June 30, 2010				Changes in fair value for the twelve months ended June 30, 2010			
Swap#	Description	Outstanding Notional (000)	Derivative Instrument Classification	Amount (000)	Deferred Outflows	Deferred Inflows	Net Change
Hedging derivative instruments							
Cash flow hedges:							
01	Floating-to-Fixed Interest Rate Swap	\$ 96,700	Non-current liability	\$ (6,204)	\$ 4,816	\$ -	\$ 4,816
03 *	Floating-to-Fixed Interest Rate Swap	- *		- *	9,713	-	9,713
05 *	Floating-to-Fixed Interest Rate Swap	- *		- *	2,042	-	2,042
07A	Floating-to-Fixed Interest Rate Swap	150,000	Non-current liability	(15,056)	(4,760)	-	(4,760)
07B	Floating-to-Fixed Interest Rate Swap	150,000	Non-current liability	(15,049)	(4,761)	-	(4,761)
10A *	Floating-to-Fixed Interest Rate Swap	- *		- *	553	-	553
10B	Floating-to-Fixed Interest Rate Swap	29,935	Non-current liability	(1,188)	(1,070)	-	(1,070)
10C	Floating-to-Fixed Interest Rate Swap	29,935	Non-current liability	(1,188)	(1,070)	-	(1,070)
11 *	Floating-to-Fixed Interest Rate Swap	- *		- *		(20,984)	(20,984)
12A	Floating-to-Fixed Interest Rate Swap	200,000	Non-current liability	(20,472)	(3,908)	-	(3,908)
12B	Floating-to-Fixed Interest Rate Swap	350,000	Non-current liability	(41,033)	(6,885)	-	(6,885)
13 *	Forward Floating-to-Fixed Interest Rate Swap	- *		- *	11,824	-	11,824
14A	Forward Floating-to-Fixed Interest Rate Swap	73,025	Non-current liability	(11,628)	(5,559)	-	(5,559)
14B	Forward Floating-to-Fixed Interest Rate Swap	201,975	Non-current liability	(35,717)	(16,379)	-	(16,379)
Total hedging activities		1,281,570		(147,535)	\$ (15,444)	\$ (20,984)	(36,428)
					Gain/(loss) on investment	*Deferrals included in gain/(loss)	
Investing derivative instruments							
02	Basis Rate Swap	82,717	Non-current liability	(5,916)	\$ 266	\$ -	266
04	Basis Rate Swap	149,802	Non-current liability	(1,584)	1,027	-	1,027
06	Basis Rate Swap	300,000	Non-current asset	5,972	5,586	-	5,586
08A	Floating-to-Fixed Interest Rate Swap	151,200	Non-current liability	(11,341)	(4,189)	-	(4,189)
08B	Floating-to-Fixed Interest Rate Swap	31,975	Non-current liability	(2,398)	(886)	-	(886)
08C	Floating-to-Fixed Interest Rate Swap	31,975	Non-current liability	(2,398)	(886)	-	(886)
09A	Floating-to-Fixed Interest Rate Swap	41,330	Non-current asset	430	(184)	-	(184)
09B	Floating-to-Fixed Interest Rate Swap	8,795	Non-current asset	91	(29)	-	(29)
09C	Floating-to-Fixed Interest Rate Swap	8,795	Non-current asset	91	(29)	-	(29)
<u>*Remaining portions of swaps after April 6, 2010 terminations</u>							
11	Floating-to-Fixed Interest Rate Swap	-		-	-	25,780	25,780
15	Fixed Rate Basis Swap (formerly Swap #03)	67,631	Non-current asset	5,880	5,880	(10,585)	(4,705)
16	Fixed Rate Basis Swap (formerly Swap #05)	50,850	Non-current asset	3,540	3,540	(3,530)	10
17	Fixed Rate Basis Swap (formerly Swap #10A)	139,735	Non-current asset	8,830	8,830	(1,665)	7,165
18	Fixed Rate Basis Swap (formerly Swap #13)	150,000	Non-current asset	3,605	3,605	(10,000)	(6,395)
Total investing activities		1,214,805		4,802	\$ 22,531	\$ -	22,531
Total		\$ 2,496,375		\$ (142,733)			\$ (13,897)

*Terminated on April 6, 2010.

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On April 6, 2010, the Department terminated the "on-market" (at-market coupon) portion of its floating-to-fixed swaps #3, #5, #10A, #11, and #13 with notional amounts totaling \$693.4 million. To fund the terminations, the Department fully terminated \$122.9M of the "off-market" (step-coupon) portion of swap #11 and partially terminated \$162.2M of \$229.9M of the "off-market" (step-coupon) portion of swap #5. The net termination payment was \$0.

As a result of this transaction, the agreements relating to swaps #3, #5, #10A, and #13 were amended and restated and the remaining "off-market" (step-coupon) portion with notional amounts totaling \$408.2 million are presented in the table above as swaps #15, #16, #17, and #18, respectively

(b) Hedging Derivative Instruments

On June 30, 2011, the Department had nine (9) outstanding floating-to-fixed interest rate swap agreements considered to be hedging derivative instruments in accordance with the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. Below is a summary of the objectives, terms, values, and risks associated with the Department's hedging derivative instruments.

Objective:

As a means to lower its borrowing costs when compared against fixed-rate bonds at the time of issuance, the Department executed floating-to-fixed interest rate swaps in connection with its issuance of Variable Rate Bonds. The intention of these swaps was to change the Department's variable interest rate on the bonds to synthetic fixed rates. As of June 30, 2011 the Department had six (6) outstanding swaps that were structured with step-down coupons in order to shift savings from the early years to the later years of the swap.

Forward starting swap agreements:

On January 3, 2006, the Department entered into five (5) swap agreements (Swaps #7A, #7B, #12A, #12B, and #13) to hedge future variable rate debt, as a means to lower its borrowing costs and provide favorable synthetically fixed rates for the financing of the Terminal 3 Project and other related projects. Swaps #7A and 7B# with notional amounts totaling \$300 million became effective on July 1, 2008 and hedge the 2008 series A and B variable rate bonds. Swaps #12A and #12B with notional amounts totaling \$550 million became effective July 1, 2009 and swap #13 with a notional amount totaling \$150 million was scheduled to become effective July 1, 2010. Due to the attractive market rates for fixed rate bonds together with the favorable provisions of the American Recovery and Reinvestment Act of 2010, the Department chose to refinance its outstanding bond anticipation notes and issue fixed rate bonds to complete financing of the Terminal 3 Project. As a result, the planned \$550 million of 2009 series A and B variable rate bonds were not issued on July 1, 2009. In addition, on April 6, 2010, the Department terminated \$543.3 million in notional amounts of its outstanding floating to fixed interest rate swaps (Swaps #3, #5, #10A, and #11) and the \$150 million in notional amounts of the July 1,

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2010 forward starting swap #13 to better match its outstanding notional of floating-to-fixed interest rate swaps to the cash flows associated with its outstanding variable rate bonds.

On April 17, 2007, the Department entered into two (2) additional forward starting swap agreements (swaps #14A and #14B) with notional amounts totaling \$275 which are scheduled to become effective July 1, 2011.

Terms, notional amounts, and fair values:

The terms, notional amounts, and fair value of the Department's hedging derivatives at June 30, 2011 are included in the table below. Notional amounts of the swap agreements match the principal portions of the associated debt and contain reductions in the notional amounts that are expected to follow the reductions in the associated outstanding variable interest rate debt except as discussed in the section on rollover risk.

Swap#	Interest Rate Swap Description	Associated Variable Rate Bonds	Effective Date	Outstanding Notional Amount (000)	County Pays	County Receives	Fair Value (000)	Maturity Date
01	Floating-to-Fixed	1993A Non-AMT	6/1/1993	\$ 66,600	6.6900%	Bond Rate	\$ (2,211)	7/1/2012
07A	Floating-to-Fixed	2008A AMT	7/1/2008	150,000	4.3057% to 7/2017; 0.2500% to maturity	64.7% of USD LIBOR + 0.280%	(11,617)	7/1/2022
07B	Floating-to-Fixed	2008B AMT	7/1/2008	150,000	4.3057% to 7/2017; 0.2500% to maturity	64.7% of USD LIBOR + 0.280%	(11,610)	7/1/2022
10B	Floating-to-Fixed	2008D-2 AMT	3/19/2008	29,935	4.0030% to 7/2015; 2.2700% to maturity	62.0% of USD LIBOR + 0.280%	239	7/1/2040
10C	Floating-to-Fixed	2008D-2 AMT	3/19/2008	29,935	4.0030% to 7/2015; 2.2700% to maturity	62.0% of USD LIBOR + 0.280%	239	7/1/2040
12A	Floating-to-Fixed	2009A AMT	7/1/2009	200,000	5.6260% to 7/2017; 0.2500% to maturity	64.7% of USD LIBOR + 0.280%	(11,385)	7/1/2026
12B	Floating-to-Fixed	2009B AMT	7/1/2009	350,000	6.0000% to 7/2017; 1.4550% to maturity	64.7% of USD LIBOR + 0.280%	(20,016)	7/1/2038
14A	Forward Floating-to-Fixed	2011A	7/1/2011	73,025	3.8860%	64.4% of USD LIBOR + 0.280%	(11,165)	7/1/2030
14B	Forward Floating-to-Fixed	2011A	7/1/2011	201,975	3.8810%	64.4% of USD LIBOR + 0.280%	(33,158)	7/1/2037
				<u>\$ 1,251,470</u>			<u>\$ (100,685)</u>	

Due to an increase in interest rates during Fiscal Year 2011, two of the Department's hedging derivatives had positive fair values as of June 30, 2011. The fair values are estimated using the zero-coupon method. Under this method, future payments are calculated assuming that the current forward rates of the appropriate yield curve, Securities Industry and Financial Markets Association (SIFMA), formerly known as BMA or London Interbank Offered Rate (LIBOR), correctly anticipate future spot rates. These payments are then discounted using the spot rates implied by the current LIBOR yield curve for hypothetical zero-coupon rate bonds due on the date of each future net settlement on the swaps.

Credit Risk:

As of June 30, 2011, the Department was exposed to credit risk on two of its outstanding hedging derivative swaps because these swaps all had positive fair values. The Department is exposed to credit risk in the amount of the derivatives' fair values. As described earlier, a CSA is in place to provide collateral to protect the value of the swaps under specific circumstances.

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The counterparty credit ratings for the Department's hedging derivative instruments at June 30, 2011 are included in the table below.

Swap#	Interest Rate Swap Description	Counterparty	Counterparty Ratings			Credit Risk Exposure (000)
			Moody's	S&P	Fitch	
01	Floating-to-Fixed	AI&G Financial Products Corp.	Baa1	A-	N/A	\$ -
03 *	Floating-to-Fixed	* Citigroup Financial Products Inc.	A3	A	A+	-
05 *	Floating-to-Fixed	* Citigroup Financial Products Inc.	A3	A	A+	-
07A	Floating-to-Fixed	JPMorgan Chase Bank, N.A.	Aa1	AA-	AA-	-
07B	Floating-to-Fixed	UBS AG	Aa3	A+	A+	-
10A *	Floating-to-Fixed	* Citigroup Financial Products Inc.	A3	A	A+	239
10B	Floating-to-Fixed	JPMorgan Chase Bank, N.A.	Aa1	AA-	AA-	239
10C	Floating-to-Fixed	UBS AG	Aa3	A+	A+	-
11 *	Floating-to-Fixed	* Citigroup Financial Products Inc.	A3	A	A+	-
12A	Floating-to-Fixed	Citigroup Financial Products Inc.	A3	A	A+	-
12B	Floating-to-Fixed	Citigroup Financial Products Inc.	A3	A	A+	-
13 *	Forward Floating-to-Fixed	* Citigroup Financial Products Inc.	A3	A	A+	-
14A	Forward Floating-to-Fixed	UBS AG	Aa3	A+	A+	-
14B	Forward Floating-to-Fixed	Citigroup Financial Products Inc.	A3	A	A+	-
						<u>\$ 478</u>

*Terminated on April 6, 2010.

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Associated Debt:

The net cash flows for the Department's hedging derivative instruments at June 30, 2011 are included in the table below.

Swap#	Interest Rate Swap Description	Associated Variable Rate Bonds	Counterparty Swap Interest (000)			Interest to Bondholders (000)	Net Interest Payment	
			Pay	Receive	Net		2011 (000)	2010 (000)
01	Floating-to-Fixed	1993A Non-AMT	\$ (4,456)	\$ 1,030	\$ (3,426)	\$ (1,030)	\$ (4,456)	(6,489)
03 *	Floating-to-Fixed	2005A-1, 2005A-2 AMT	-	-	-	-	-	(9,929)
05 *	Floating-to-Fixed	2008C AMT (\$50.8 million)	-	-	-	-	-	(2,133)
07A	Floating-to-Fixed	2008A AMT	(6,459)	681	(5,777)	(650)	(6,427)	(6,332)
07B	Floating-to-Fixed	2008B AMT	(6,459)	681	(5,777)	(689)	(6,467)	(6,306)
10A *	Floating-to-Fixed	2008D-2 AMT	-	-	-	-	-	(4,717)
10B	Floating-to-Fixed	2008D-2 AMT	(1,198)	134	(1,064)	(81)	(1,146)	(1,198)
10C	Floating-to-Fixed	2008D-2 AMT	(1,198)	134	(1,064)	(81)	(1,146)	(1,198)
11 *	Floating-to-Fixed	2008D-3 Non-AMT	-	-	-	-	-	(4,595)
12A	Floating-to-Fixed	2008D-2, D-3 Non-AMT	(11,252)	908	(10,344)	(544)	(10,887)	(11,243)
12B	Floating-to-Fixed	2008D-3 Non-AMT, 2008C, 2010E Note	(21,000)	1,589	(19,411)	(13,133)	(32,543)	(20,978)
14A	Forward Floating-to-Fixed	2011A	-	-	-	-	-	-
14B	Forward Floating-to-Fixed	2011A	-	-	-	-	-	-

*Terminated on April 6, 2010.

Basis and Interest Rate Risk:

The \$66.6 million notional floating-to-fixed swap (Swap #01) is not subject to basis or interest rate risk as the variable amount received from the swap counterparty matches the payment due on the 1993A Non-AMT bonds. All of the remaining hedging derivative swaps are subject to basis and interest rate risk should the relationship between LIBOR and SIFMA rates converge. If a change occurs that results in the rates moving to convergence, the expected cost savings and expected cash flows of the swaps may not be realized.

Tax Risk:

The Department is exposed to tax risk if a permanent mismatch (shortfall) occurs between the floating rate received on the swap and the variable rate paid on the underlying variable rate bonds due to tax law changes such that the federal or state tax exemption of municipal debt is eliminated or its value reduced.

Termination Risk:

The Department is exposed to termination risk if either the credit rating of the bonds associated with the swap, or the credit rating of the swap counterparty falls below the threshold defined in the swap agreement, then an

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Additional Termination Event (ATE) may occur. At the time of the ATE, if the swap has a negative value, the Department would be liable to the counterparty for a payment equal to the swap's fair value.

Rollover Risk:

The amounts of swaps #01, #07A, #07B, #10B, #10C, #12A, and #12B match the principal portions of the associated debt and contain reductions in the notional amounts that are expected to follow the reduction in the associated outstanding variable rate debt.

On November 4, 2010 the Department refunded the outstanding principal of its Series 2005 A-1 and A-2 PFC bonds with the Series 2010 F-1 and F-2 PFC bonds. Upon refunding, cash flows associated with \$100 million in outstanding notional for swap #12B exceeded the cash flows associated with the outstanding principal of the Series 2010 F-2 PFC bonds, therefore a portion of the fair value of swap #12B is classified as a hedging derivative and the fair value of the excess portion is classified as an investment derivative.

On April 6, 2010, the swaps that originally served as hedges to \$229.9 million of the outstanding 2005 series A-1 and A-2 bonds (swap #3); \$50.8 million of the outstanding 2008 series C bonds (swap #5); \$139.7 million of the outstanding 2008 series D-2 bonds (swap #10A); and \$122.9 million of the outstanding 2008 series D-3 bonds (swap #11) were terminated, leaving cash flows from these variable rate bonds to be associated with the outstanding swaps #12A and #12B.

(c) Investing Derivative Instruments

On June 30, 2011, the Department has outstanding 13 interest rate swap agreements considered to be investing derivative instruments in accordance with the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.

Terms, notional amounts, and fair values:

The terms, notional amounts, and fair values of the Department's investing derivatives at June 30, 2011 are included in the table below.

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Swap#	Interest Rate Swap Description	Associated Variable Rate Bonds	Effective Date	Outstanding Notional (\$000)	County Pays	County Receives	Fair Value (\$000)	Maturity Date
02	Basis Swap	Initially 2004B AMT	8/23/2001	\$ 82,057	SIFMA Swap Index - 0.41%	72.5% of USD LIBOR - 0.410%	\$ (3,935)	7/1/2036
04	Basis Swap	Initially 2001B, 1998A, 2003B Non-AMT	7/1/2003	142,920	SIFMA Swap Index	68.0% of USD LIBOR + 0.435%	71	7/1/2025
06	Basis Swap	Initially 2004A-1 AMT, 2004 A-2 Non-AMT	9/1/2004	300,000	SIFMA Swap Index	62.2% of USD LIBOR + 0.300% to 7/2010; 62.2% of USD LIBOR + 1.052% to maturity	10,857	7/1/2025
08A	Floating-to-Fixed	2008C AMT	3/19/2008	151,200	4.0000% to 7/2015; 3.0000% to maturity	82.0% of USD LIBOR - 0.460% to 7/2009; 82.0% of 10 year CMS - 0.936% to maturity	3,702	7/1/2040
08B	Floating-to-Fixed	2008C AMT	3/19/2008	31,975	4.0000% to 7/2015; 3.0000% to maturity	82.0% of USD LIBOR - 0.460% to 7/2009; 82.0% of 10 year CMS - 0.936% to maturity	783	7/1/2040
08C	Floating-to-Fixed	2008C AMT	3/19/2008	31,975	4.0000% to 7/2015; 3.0000% to maturity	82.0% of USD LIBOR - 0.460% to 7/2009; 82.0% of 10 year CMS - 0.936% to maturity	783	7/1/2040
09A	Floating-to-Fixed	2008D-1 AMT	3/19/2008	41,330	5.0000% to 7/2015; 1.2100% to maturity	82.0% of USD LIBOR - 0.560% to 7/2009; 82.0% of 10 year CMS - 1.031% to maturity	4,541	7/1/2036
09B	Floating-to-Fixed	2008D-1 AMT	3/19/2008	8,795	5.0000% to 7/2015; 1.2100% to maturity	82.0% of USD LIBOR - 0.560% to 7/2009; 82.0% of 10 year CMS - 1.031% to maturity	966	7/1/2036
09C	Floating-to-Fixed	2008D-1 AMT	3/19/2008	8,795	5.0000% to 7/2015; 1.2100% to maturity	82.0% of USD LIBOR - 0.560% to 7/2009; 82.0% of 10 year CMS - 1.031% to maturity	966	7/1/2036
Remaining portions of swaps after April 6, 2010 terminations								
15	Fixed Rate Basis Swap	swap #03 (amended and restated)	4/6/2010	64,351	1.0200% until 7/1/2010	1.4700% starting at 7/1/2010	5,090	7/1/2022
16	Fixed Rate Basis Swap	swap #05 (amended and restated)	4/6/2010	50,850	1.3700% until 7/1/2010	0.6000% starting at 7/1/2010	3,320	7/1/2025
17	Fixed Rate Basis Swap	swap #10A (amended and restated)	4/6/2010	139,735	0.8730% until 7/1/2015	0.8600% starting at 7/1/2015	9,904	7/1/2040
18	Fixed Rate Basis Swap	swap #13 (amended and restated)	4/6/2010	150,000	2.4930% until 7/1/2017	1.5940% starting at 7/1/2017	6,297	7/1/2040
				\$ 1,203,983			\$ 43,345	

Credit Risk:

The Department is exposed to credit risk on the twelve (12) interest rate swaps with positive fair values totaling \$47.3 million. The Department is not exposed to credit risk on the remaining interest rate swap with a negative fair value. Should interest rates change and the fair values of the swaps become positive the Department would then be exposed to credit risk in the amount of the derivatives' fair values. As described earlier, a CSA is in place to provide collateral to protect the value of the swap under specific circumstances.

The counterparty credit ratings for the Department's investing derivative swaps at June 30, 2011 are included in the table below.

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CLARK COUNTY, NEVADA
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For the Years Ended June 30, 2011 and 2010

Swap#	Interest Rate Swap Description	Counterparty	Counterparty Ratings			Credit Risk Exposure (000)
			Moody's	S&P	Fitch	
02	Basis Swap	Citigroup Financial Products Inc.	A3	A	A+	\$ -
04	Basis Swap	Citigroup Financial Products Inc.	A3	A	A+	71
06	Basis Swap	Citigroup Financial Products Inc.	A3	A	A+	10,857
08A	Floating-to-Fixed	Citigroup Financial Products Inc.	A3	A	A+	3,702
08B	Floating-to-Fixed	JPMorgan Chase Bank, N.A.	Aa1	AA-	AA-	783
08C	Floating-to-Fixed	UBS AG	Aa3	A+	A+	783
09A	Floating-to-Fixed	Citigroup Financial Products Inc.	A3	A	A+	4,541
09B	Floating-to-Fixed	JPMorgan Chase Bank, N.A.	Aa1	AA-	AA-	966
09C	Floating-to-Fixed	UBS AG	Aa3	A+	A+	966
<u>Remaining portions of swaps after April 6, 2010 terminations</u>						
15	Fixed Rate Basis Swap	Citigroup Financial Products Inc.	A3	A	A+	5,090
16	Fixed Rate Basis Swap	Citigroup Financial Products Inc.	A3	A	A+	3,320
17	Fixed Rate Basis Swap	Citigroup Financial Products Inc.	A3	A	A+	9,904
18	Fixed Rate Basis Swap	Citigroup Financial Products Inc.	A3	A	A+	6,297
						<u>\$ 47,280</u>

Interest Rate Risk:

Swaps #02, #04, and #06 are subject to interest rate risk should the relationship between LIBOR and SIFMA rates converge. If a change occurs that results in the rates moving to convergence, the expected cost savings and expected cash flows of the swaps may not be realized.

Swaps #08A-C and #09A-C are subject to interest rate risk should the relationship between the 10 Year CMS and SIFMA rates converge. If a change occurs that results in the rates moving to convergence, the expected cost savings and expected cash flows of the swaps may not be realized.

Items #15 through #18 are not subject to interest rate risk.

Foreign Currency Risk

None of the Department's interest rate swaps are subject to foreign currency risks.

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Notes to Financial Statements

For the Years Ended June 30, 2011 and 2010

- (d) Using the rates effective on June 30, 2011 the approximate maturities and interest of the Department's variable rate debt and bond anticipation notes plus the net payments on floating-to-fixed interest rate swaps are as follows:

Due for the Fiscal Year Ended June 30,	Variable Rate Bonds		Bond Anticipation Notes		Net Swap Payment (000)	Total (000)
	Principal (000)	Interest (000)	Principal (000)	Interest (000)		
2012	\$ 32,300	\$ 6,875	\$ -	\$ 51,626	\$ 55,683	\$ 146,484
2013	34,500	5,843	-	51,626	58,788	150,757
2014	100	5,843	-	51,626	58,813	116,382
2015	100	5,843	-	51,626	58,813	116,382
2016	3,865	5,788	-	51,626	56,525	117,804
2017 - 2021	296,325	21,422	-	258,130	133,359	709,236
2022 - 2026	241,700	3,859	-	258,130	77,042	580,731
2027 - 2031	216,045	5,427	23,005	257,338	71,708	573,523
2032 - 2036	159,940	4,604	46,045	243,594	39,409	493,592
2037 - 2041	172,220	3,819	227,860	198,200	5,842	607,941
2042 - 2046	-	3,492	457,370	84,159	-	545,021
2047 - 2048	-	1,746	-	-	-	1,746
Total	<u>\$ 1,157,095</u>	<u>\$ 74,561</u>	<u>\$ 754,280</u>	<u>\$ 1,557,681</u>	<u>\$ 615,982</u>	<u>\$ 4,159,599</u>

10.) PAYMENTS TO CLARK COUNTY

The Department reimburses the County for providing the Airport System with fire services, police services, legal, administrative services and certain maintenance services, based on its actual cost. The total amounts billed for these services were \$29.1 million and \$30.9 million for the fiscal years ended June 30, 2011 and 2010, respectively.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
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For the Years Ended June 30, 2011 and 2010

11.) COMMITMENTS AND CONTINGENCIES

(a) Federal Grants

As of June 30, 2011, the County has remaining commitments from the FAA for grant awards of \$15.8 million for land acquisition, and certain other airport improvements. Such funds are generally available for reimbursement upon the acquisition of the specific asset and are generally accrued as receivables at the time the acquisition costs are incurred.

(b) Construction in Progress

As of June 30, 2011, the Department's management estimates that construction in progress will require an additional outlay of approximately \$757.7 million to bring the related projects to completion.

(c) Litigation and Claims

Inverse Condemnation Litigation

The County is a party to actions concerning Airport System operations in which inverse condemnation damages and other damages are being sought against the County. Although the facts and circumstances of each case differ, the County believes the ultimate outcomes will all be affected by the 2006 Nevada Supreme Court case, *Steve Sisolak v. McCarran International Airport and Clark County*.

In *Sisolak*, the District Court found for the plaintiff's inverse condemnation claim, holding that a "per se taking" has occurred as a result of the County's enactment of airport height zoning ordinances. On appeal, the Nevada Supreme Court on July 13, 2006, affirmed the District Court's ruling that a "per se taking" had occurred as a result of the County's height zoning ordinance. The County petitioned the U.S. Supreme Court for a writ of certiorari based on federal law but the petition was denied in February 2007. *Sisolak* is currently the controlling law in Nevada.

The County also believes that the ultimate outcomes of all cases summarized below will be affected by the Nevada Supreme Court's 2010 rulings on the statute of limitations in *David Johnson, Trustee of the Joseph W. Huntsman 1983 Trust v. McCarran International Airport and Clark County* and *70 Limited Partnership, Tertia Dvorchak as special administratrix of the estate of Thomas T. Beam, Deceased v. McCarran International Airport and Clark County*, discussed below. The follow cases are addressed:

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Resolved Inverse Condemnation Cases

David Johnson, Trustee of the Joseph W. Huntsman 1983 Trust v. McCarran International Airport and Clark County. Case No. A572935. Outside counsel is handling this litigation on behalf of the County. This case was filed on October 3, 2008, alleging that the imposition of zoning height restrictions over the plaintiff's property constitutes a "per se taking." On December 18, 2008, the County filed a motion to dismiss the case based upon the statute of limitations. On April 16, 2009, the Court granted Clark County's motion to dismiss. The Plaintiff filed an appeal. The Nevada Supreme Court decision in this case is discussed below along with the decision in 70 Limited Partnership, Tertia Dvorchak as special administratrix of the estate of Thomas T. Beam, Deceased v. McCarran International Airport and Clark County.

70 Limited Partnership, Teria Dvorchak as special administratrix of the estate of Thomas T. Beam, Deceased v. McCarran International Airport and Clark County. Case No. A572739. Outside counsel is handling this litigation on behalf of the County. This case was filed on October 1, 2008 alleging that the imposition of zoning height restrictions over the plaintiff's property constitutes a "per se taking." On December 18, 2008, Clark County filed a motion to dismiss based on running of the statute of limitations. Two ordinances are involved in this case – Ordinance 1221 and Ordinance 1599. The only ordinance that was affected by the statute of limitations was Ordinance 1221. The plaintiff filed an appeal. The Nevada Supreme Court decision in this case is discussed below along with the decision in David Johnson, Trustee of the Joseph W. Huntsman 1983 Trust v. McCarran International Airport and Clark County. With regards to the claims that were not dismissed as barred by the statute of limitations, see below in Pending Cases.

Dvorchak and Johnson Cases Supreme Court Decisions. On October 19, 2010, the Nevada Supreme Court issued orders of affirmance in Dvorchak v. McCarran International Airport (Case No. 53852) and Johnson v. McCarran International Airport (Case No. 53677) upholding lower court decisions that per se takings claims more than fifteen years after the adoption of airport-related zoning regulations were time barred. In both Dvorchak and Johnson, all seven Supreme Court Justices unanimously decided in favor of affirmance. In particular, the Nevada Supreme Court found that its decision in White Pine Lumber v. City of Reno, 106 Nev. 778, 801 P.2d 1370 (1990), which recognized a fifteen-year limitations period in inverse condemnation cases, was applicable and that the per se regulatory takings claims accrued upon the adoption of airport-related zoning regulations.

Because these decisions were decided unanimously by all seven Supreme Court Justices, there is a strong likelihood that the Nevada Supreme Court would continue to uphold dismissals of the other inverse condemnation airspace takings cases that were filed more than fifteen years after the adoption of Clark County Ordinance 1221 (adopted August 1, 1990), Clark County Ordinance 1599 (adopted July 6, 1994), or any other airport-related zoning regulation. Nonetheless, because

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the orders of affirmance in Johnson and Dvorchak were not selected for publication, it must be noted that the orders may not be cited as precedent or legal authority under Supreme Court Rule 123 and this results in it being impossible to predict the legal affect of these orders of affirmance.

LV Stacy, LLC v. McCarran International Airport and Clark County, Case No. A-09-593658. This matter has been resolved. Outside counsel is handling this case on behalf of the County. The case was filed June 29, 2009 alleging that the imposition of zoning height restrictions over Plaintiff's property constitutes a "per se taking." The County filed a motion to dismiss the case based upon the statute of limitations. Such motion was granted on all ordinances with the exception of Ordinance 1599. Like 70 Limited Partnership, described in more detail, the case still has pending claims under ordinance 1599. The plaintiff tendered an offer of judgment of \$50,000 to the County. The Board of County Commissioners accepted the offer. The case was dismissed with prejudice on February 28, 2011.

LV Mall Limited Partnership, Elk Investments, Daniel Kay and Edward Kay vs. McCarran International Airport and Clark County, Case No. A60335-1. Outside counsel is handling this litigation on behalf of the County. The case was filed November 10, 2009 alleging that the imposition of zoning height restrictions over Plaintiff's property constitutes a "per se" taking. A motion to dismiss was granted on the statute of limitation grounds on the complaint in its entirety. A notice of appeal has been filed by the plaintiffs. On March 18, 2011, the Supreme Court issued an Order of Affirmance, dated March 18, 2011, which, like in Dvorchak and Johnson, found that its decision in White Pine Lumber v. City of Reno, 106 Nev. 778, 801 P.2d 1370 (199), which recognized a fifteen-year limitations period in inverse condemnation cases, was applicable and that the per se regulatory takings claims accrued upon the adoption of airport-related zoning regulation.

Wykoff Newberg Corporation, International Smelting Company, Inc., and Doe Landowners I-XX v. McCarran International Airport and Clark County, Case No. A537547. Outside counsel is handling this litigation on behalf of the County. The Plaintiffs filed an inverse condemnation complaint against the County on February 20, 2007, alleging the imposition of zoning height restrictions over the Plaintiffs' property constitute a "per se taking." Discovery has just commenced and the amount claimed is uncertain. On March 2, 2011 the County filed a Motion for Summary Judgment. On August 19, 2011 the District Court signed an order granting County's Motion for Summary Judgment. Notice of Entry of the Order was filed September 2, 2011. Plaintiffs have not filed a notice of appeal as of this date.

70 Limited Partnership, Tertia Dvorchak as special administratrix of the estate of Thomas T. Beam, Deceased v. McCarran International Airport and Clark County, Case No. A572739. Outside counsel is handling this litigation on behalf of the County. This case was filed on October 1, 2008 alleging that the imposition of zoning height restrictions over the Plaintiff's property constitutes a "per se taking." Two ordinances were involved in this case - Ordinance 1221 and Ordinance 1599. The County's success in dismissing claims under

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For the Years Ended June 30, 2011 and 2010

Ordinance 1221 based upon the statute of limitations is discussed above under the caption "Resolved Inverse Condemnation Cases-Dvorchak and Johnson Cases." Following the decision on the Motion to Dismiss in the County's favor, the only ordinance that remained as the subject of litigation at the district court level was Ordinance 1599 (a claim which belonged to Plaintiff 70 Limited Partnership). At the district court level, experts were retained and the County contended that there was no damage in this case. Once discovery commenced, the Plaintiff located an expert to utilize the "PISTOL" statute to enhance their damages under Ordinance 1599. Utilizing that expert, the Plaintiff then claimed it was damaged in excess of \$2.7 billion by Ordinance 1599 alone. Near the close of discovery, the County moved for summary judgment on all claims. The Court granted this Motion at the March 30, 2010, hearing on dispositive motions. Plaintiff 70 Limited Partnership appealed this action to the Nevada Supreme Court on July 16, 2010. The Nevada Supreme Court ordered 70 Limited Partnership to file its Opening Brief by May 12, 2011, and the County has filed its Answering Brief. The Supreme Court, however, has not set a date for oral argument in this appeal. The County believes it has a strong legal argument on appeal, but cannot predict the outcome of the appeal. It is, however impossible to predict the outcome of this case at this juncture given the current stage of the present litigation and the possible effect of the Sisolak decision.

North American properties, a Business Entity Formerly Known as Woodbridge Apartments v. McCarran International Airport and Clark County. Case No. A-09-594649. Outside counsel is handling this litigation on behalf of the County. The case was filed July 6, 2009 and has been served on the County. The Plaintiff alleges the County of using airport expansion and imposition of height restrictions to lower the value of, or take part of, property the Plaintiff owns.

The County filed a motion to dismiss plaintiff's Amended Complaint on January 14, 2011. On February 24, 2011, the district court dismissed the plaintiff's Ordinance 1221 airspace takings claims on the basis that they are barred by the fifteen-year limitations period applicable to inverse condemnation taking claims. Plaintiff and the County will continue to litigate plaintiff's Ordinance 1599 airspace takings claims, which were not barred by the fifteen-year statute of limitations. Discovery has just commenced in this action.

It is impossible to predict the outcome of this case at this juncture given the current stage of the present litigation and the possible effect of Sisolak decision.

Other possible inverse condemnation/taking litigation. As a result of the Sisolak decision, it is possible that other litigation will be filed based on a similar legal theory by landowners who are affected by the County's airport height zoning ordinance. It is impossible to predict at this time whether any such litigation will be filed or its ultimate outcome.

Other Litigation. The County is a party to numerous other actions and claims in connection with the ownership and operation of the Airport System, including personal injury claims, employment related claims and construction claims, but in the opinion of the District Attorney, the actions and claims

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements

For the Years Ended June 30, 2011 and 2010

described in this paragraph are not expected, in the aggregate, to have a material adverse effect on the financial condition of the Airport System. Two particular cases of note are:

Williams Brother, Inc. v. Clark County, Case No. A-10-630397-C. The plaintiff filed a complaint against the County on December 2, 2010 alleging the County's wrongful conduct caused the plaintiff delays and monetary damages in its efforts to complete the Contract 2367-Reconstruction of Taxiway G project at McCarran International Airport. The plaintiff also alleges the County did not pay the retention amounts as required by Nevada's Prompt Payment law. The case has just commenced and plaintiff has not specified its claim of damages. The County believes it has strong legal and factual defenses and intends to vigorously defend this case.

Heli USA Airways, Inc. et al v. County of Clark, et al, Case No. A-11-639810-C. Plaintiff's filed a complaint on April 21, 2011 alleging the County had illegally collected approximately \$5.0 million in passenger facility charges (PFC) on certain helicopter sightseeing flights. On September 1, 2011 the County filed a motion to dismiss the complaint on the grounds that the state courts have no jurisdiction over PFC claims. On October 10, 2011, the district court heard the motion and orally granted the County's motion to dismiss. A written Order will be prepared and a Notice of Entry of Order will be filed soon as the court signs the order.

12.) **RENTALS AND OPERATING LEASES**

The Department derives a substantial portion of its revenue from fees and charges to air carriers and concessionaires. Charges to air carriers are generated from terminal building rentals, gate use fees, and landing fees in accordance with the Lease, or provisions of the County's annual ordinance. The Department leases land, buildings and terminal space to various tenants and concessionaires under operating agreements that expire at various times through 2048. Under the terms of these agreements, concession fees are based principally on a percentage of the concessionaires' gross sales or a stated minimum annual guarantee, whichever is greater; and other land and building rents that are based on square footage rental rates. The Department received \$85.1 million and \$69.0 million in the years ended June 30, 2011, and 2010, respectively, for contingent rental payments in excess of the stated annual minimum guarantees.

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For the Years Ended June 30, 2011 and 2010

Following is a schedule of minimum future rental income on non-cancelable operating leases as of June 30, 2011:

<u>Fiscal Year</u>	<u>Minimum Future Rents (000)</u>
2012	193,028
2013	188,764
2014	181,845
2015	178,720
2016	67,182
Thereafter	238,982

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements

For the Years Ended June 30, 2011 and 2010

13.) RISK MANAGEMENT

The Department is exposed to various risks of loss related to theft of, damage to and destruction of assets, errors and omissions, injuries to employees and customers, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties and County self-insured programs for off-airport auto liability, employee medical benefits and workers' compensation.

The United States is experiencing a widespread decline in residential real estate sales, mortgage lending and related construction activity, accompanied by inflationary trends and emerging weakness in the commercial and investment banking systems, and is engaged in a war, all of which are likely to have far-reaching effects on the economic activity in the country for an indeterminate period. The near- and long-term impact of these factors on the Nevada economy and the Department's operations cannot be predicted at this time but may be substantial.

From time-to-time, the Department carries cash and cash equivalents on deposit with financial institutions in excess of federally-insured limits, and the risk of losses related to such concentrations may be increasing as a result of recent economic developments discussed in the foregoing paragraph. The extent of a future loss to be sustained as a result of uninsured deposits in the event of a future failure of the financial institution, if any, however, is not subject to estimation at this time.

The County has established a fund for self-insurance related to medical benefits provided to employees and covered dependents. An independent claims administrator handles all claims procedures. The County also provides an option for employees to select an independent health maintenance organization (HMO) for medical benefits.

The County has also established a fund for self-insurance related to workers' compensation claims. The County maintains reinsurance coverage obtained from private insurers for losses in excess of \$1,000,000 per claim.

The Department reimburses the County at a per capita rate for employee medical benefits and a percentage of payrolls for workers' compensation coverage. Rates for this coverage are uniform for all County Departments and are adjusted based on the overall performance of the self-insured medical benefits fund and the self-insured workers' compensation fund.

As a participant in the County's self-insured programs, the Department is assessed annual fees based on the allocation of each respective fund. These assessments are charged to the Department's expense each year. There is no separate accounting for the Department's claims.

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CLARK COUNTY, NEVADA
Notes to Financial Statements

For the Years Ended June 30, 2011 and 2010

Accordingly, information regarding claims liability and payments are not presented in this financial report.

Settled claims from these risks have not exceeded commercial insurance coverage during the past three years.

14.) AIRPORT LAND TRANSFERS

The Southern Nevada Public Land Management Act of 1998, Public Law 105-263, was enacted by Congress in October 1998. A provision of this law provides that the Bureau of Land Management (BLM), an agency of the United States Department of the Interior will transfer approximately 5,000 acres of land to the Department, without consideration, subject to the following:

- 1) Valid existing rights.
- 2) The land must be managed in accordance with the law and Section 47504 of Title 40, United States Code (relating to airport noise compatibility planning), and regulations promulgated pursuant to that section.
- 3) If any land is sold, leased, or otherwise conveyed by the Department, such sale, lease, or other conveyance shall contain a limitation that requires uses compatible with the law and such Airport Noise Compatibility Planning provisions.
- 4) If any land is sold, leased, or otherwise conveyed by the Department, such sale, lease, or other conveyance shall be at fair market value. The Department contributes 85 percent of the gross proceeds from the sale, lease, or other conveyance of such land directly to the BLM for use in purchasing, improving, or developing other land for environmental purposes. The Department contributes 5 percent of the gross proceeds from the sale, lease, or other conveyance of such land directly to the State for use in its general education program. The remainder is available for use by the Department for the benefit of airport development and the Noise Compatibility Program.

Due to the uncertainty of any future benefit to the Department, a value has not been assigned nor was income reported relating to the land not yet sold or leased under the Southern Nevada Public Land Management Act of 1998. Gross proceeds from the sale and lease of Co-operative Management Area (CMA) land for the year ended June 30, 2011, were \$5.4 million and from inception to that date are \$107 million. The Department's share of these proceeds is \$540 thousand for the year ended June 30, 2011, and \$10.7 million from inception to that date. At June 30, 2011, and 2010, the Department had paid the BLM and the State of Nevada all amounts due.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements

For the Years Ended June 30, 2011 and 2010

15.) **SUBSEQUENT EVENTS**

Subsequent to June 30, 2011, the following significant events have occurred:

1. On August 3, 2011 the Department refunded the series 2008A-1 and 2008B-1 with the 2011B-1, and 2011B-2, respectively consisting of \$200 million of AMT Adjustable Rate Airport System Subordinate Lien Revenue Bonds. The letter of credit provider on the 2011B-1 is Citibank , N.A. The remarketing agent for the 2011B-1 is Citibank Global Markets, Inc. The annual fees for the 2011B-1 series are 85 basis points. The letter of credit for the 2011B-2 is Royal Bank of Canada. The remarketing agent for the 2011B-1 is RBC Capital Markets, LLC. The annual fees for the 2011B-2 are 85 basis points. The 2011B-1 series bond matures in 2022 and the series 2011B-2 bond matures in 2022. The maturities of the 2011B-1 and 2011B-2 series are identical to the 2008A-1 and 2008B-1 maturities, respectively.

Required Supplementary Information

Clark County Department of Aviation
Clark County, Nevada

Schedule of Other Postemployment Benefits Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
Self-funded/HPN						
6/30/2006	\$ -	\$ 54,444,642	\$ 54,444,642	\$ -	\$ 74,915,209	72.7%
7/1/2008	-	60,047,814	60,047,814	-	77,526,127	77.5%
7/1/2010	-	95,469,098	95,469,098	-	76,755,580	124.4%
PEBP plan						
6/30/2006	-	8,708,296	8,708,296	-	74,915,209	11.6%
7/1/2008	-	17,290,402	17,290,402	-	-	N/A*
7/1/2010	-	17,417,513	17,417,513	-	-	N/A*

*PEBP no longer has active employees effective 9/1/08.

Supplementary Information

Clark County Department of Aviation
Clark County, Nevada

Schedule of Insurance Coverage
As of June 30, 2011

Amount of Coverage	Description	Limits (\$)	Insurer	Expiration
\$750M	Airport Liability	\$100M	Ace	10/01/2012
	Excess Airport Liability	\$650M	Westchester Fire Ins	10/1/2012
\$100M	Third Party War Liability		Ace	10/01/2012
\$1.0B	Blanket Policy on Property 3	\$1.0B	Lexington	10/01/2012
\$250M	Terrorism		Lexington	10/01/2012
\$300M	Construction Liability 1	\$300M	Lloyds of London	06/01/2012
\$94M	Builder's Risk 1	\$94M	Travelers	06/01/2012
\$40M	Pollution and Remediation		Indian Harbor	03/27/2013
\$5M	EPLI		Zurich	10/01/2012
\$1.2B	Builder's Risk (OCIP) 2	\$800M	AON	04/24/2012
	Terrorism (OCIP) 2	\$100M	AON	04/24/2012
	Construction Liability (OCIP) 2	\$300M	AON	04/24/2012

1 For Construction Projects other than Terminal 3

2 For Terminal 3 construction only

3 When terminal 3 is released to the Department of Aviation then the property will increase to 1.5B

Clark County Department of Aviation
Clark County, Nevada

Schedule of Airport Revenue Bond Debt Service Coverage
For the Fiscal Years Ended June 30, 2011 and 2010

		FY 2011 (000)	FY 2010 (000)
	Reference		
Operating revenue		\$ 392,554	\$ 362,451
Interest income		5,410	6,223
Operating expenses		<u>(217,353)</u>	<u>(227,694)</u>
Net revenue	1	180,611	140,980
Other available funds:			
Senior lien coverage		15,799	15,169
Subordinate lien coverage		<u>5,422</u>	<u>6,417</u>
Net revenue and other available funds	2	201,832	162,566
PFC revenue		77,949	77,309
PFC fund interest income		<u>1,048</u>	<u>4,496</u>
Total PFC revenue	3	78,997	81,805
Senior lien debt service	4	63,194	60,674
Subordinate lien debt service	5	<u>54,217</u>	<u>47,950</u>
Senior and subordinate lien debt service	6	117,411	108,624
Subordinate PFC debt service	7	\$ 82,187	\$ 81,804
Coverage achieved:			
Net revenue (informational only)	1/4	2.86	2.32
Senior lien including other available funds (1.25 required)	2/4	3.19	2.68
Senior and subordinate lien including other available funds (1.10 required)	2/6	1.72	1.50
Subordinate lien after payment of senior lien	(2-4)/5	2.56	2.13
Subordinate PFC bonds (informational only)	3/7	0.96	1.00

Clark County Department of Aviation
Clark County, Nevada

Schedule of Cash Receipts and Disbursements - Restricted Accounts
As of June 30, 2011

	Construction (000)	Passenger Facility Charge (000)	Current Debt Service (000)	Debt Service Reserve (000)	Working Capital and Contingency Reserve (000)	Capital and Rate Stabilization Reserve (000)	Total (000)
Cash and investments, beginning of fiscal year	\$ 1,204,461	\$ 17,396	\$ 302,243	\$ 245,014	\$ 18,698	\$ 1,108	\$ 1,788,920
Cash Receipts:							
Passenger Facility Charges	-	76,869	-	-	-	-	76,869
Jet Aviation Fuel Tax	-	-	-	7,312	-	-	7,312
FAA Grants	9,958	-	-	-	-	-	9,958
Bond proceeds	-	-	315,438	-	-	-	315,438
Interest received	4,244	100	3,246	1,637	248	47	9,522
Transfers in	-	-	237,120	2,505	-	9,232	248,857
Total Receipts	14,202	76,969	555,804	11,454	248	9,279	667,956
Total cash and investments available	1,218,663	94,365	858,047	256,468	18,946	10,387	2,456,876
Cash disbursements:							
Deposits to refunding escrow	-	-	318,800	-	-	-	318,800
Bond issuance costs	-	-	2,215	-	-	-	2,215
Project costs	523,862	(166)	-	-	-	-	523,696
Principal payments	-	-	86,150	-	-	-	86,150
Interest payments	-	-	153,656	-	-	-	153,656
Transfers out	128,237	81,588	-	18,675	834	24	229,358
Total cash disbursements	652,099	81,422	560,821	18,675	834	24	1,313,875
Cash and investments, end of fiscal year	\$ 566,564	\$ 12,943	\$ 297,226	\$ 237,793	\$ 18,112	\$ 10,363	\$ 1,143,001

Clark County Department of Aviation
Clark County, Nevada

Schedule of Operating Revenues and Expenses by Cost Center
Actual and Budget for Fiscal Year Ended June 30, 2011
(With Comparative Totals for the Fiscal Year Ended June 30, 2010)

	Terminal Building (000)	Airfield Area (000)	Apron Area (000)	Other Buildings and Areas (000)	Heliport (000)	Ivanpah Airport (000)	Terminal Area (000)	Reliever Airports (000)	Consolidated Car Rental Facility (000)	General and Administrative (000)	Year Ended June 30, 2011		Actual Year Ended June 30, 2010
											Actual Total (000)	Budgeted Total (000)	(000)
Operating Revenues:													
Landing Fees	\$ -	\$ 57,644	\$ 12	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,656	\$ 59,199	\$ 51,722
Other aircraft fees	-	5,613	-	-	-	-	-	4,998	-	-	10,611	5,143	9,598
Building rentals	94,442	111	24,938	3,529	-	-	-	601	33,478	-	157,099	148,878	138,989
Land rentals	-	6,757	1,922	7,483	-	-	-	1,476	200	-	17,838	17,371	17,985
Ground transportation fees	-	-	-	-	-	-	14,235	67	26,312	-	40,614	40,417	37,858
Gaming revenue	25,697	-	-	-	-	-	-	-	211	-	25,908	25,908	25,659
Terminal concessions	50,891	75	1,744	-	-	-	-	112	272	-	53,094	52,108	51,925
Parking	-	-	-	-	-	-	28,226	27	72	-	28,325	29,041	26,618
Other	111	6	-	24	-	-	-	239	-	1,029	1,409	5,755	2,098
Total Operating Revenues	171,141	70,206	28,616	11,036	-	-	42,461	7,520	60,545	1,029	392,554	383,820	362,451
Operating Expenses:													
Salaries, wages and benefits	47,796	9,102	10,694	16,492	-	-	3,338	6,248	1,387	16,129	111,186	114,872	109,214
Professional Fees	17,516	6,337	1,269	5,102	-	1,855	3,784	148	7,223	5,968	49,203	49,754	56,464
Utilities & Communication	9,237	802	630	2,000	-	-	3,054	739	1,604	2,133	20,199	22,922	21,072
Materials and supplies	5,336	404	151	348	-	-	21	234	1,179	1,337	9,010	13,898	12,905
Repairs and maintenance	12,183	557	15	1,174	-	-	4,302	1,216	2,218	451	22,118	23,933	22,789
Administrative	483	0	-	555	-	-	76	431	11	1,766	3,323	5,000	2,812
Insurance	889	459	62	430	-	-	50	59	148	216	2,314	2,541	2,438
Total Operating Expenses	93,439	17,662	12,823	26,101	-	1,855	14,625	9,075	13,771	28,001	217,353	232,920	227,694
Allocation percentage of general and administrative costs	49.3%	9.3%	6.8%	13.8%	0.0%	1.0%	7.7%	4.8%	7.3%		100.0%		100%
Allocation of general and administrative costs	13,818	2,612	1,896	3,860	-	274	2,163	1,342	2,036	28,001			
Total Operating Expenses After Allocation	107,257	20,274	14,719	29,961	-	2,129	16,788	10,417	15,808	-	217,355	232,920	227,694
Loss or Gain from Operations	\$ 63,884	\$ 49,932	\$ 13,897	\$ (18,925)	\$ -	\$ (2,129)	\$ 25,673	\$ (2,897)	\$ 44,737	\$ 1,029	\$ 175,199	\$ 150,900	\$ 134,758

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KAFOURY, ARMSTRONG & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

To the Honorable Board of County Commissioners
Clark County Department of Aviation
Clark County, Nevada

We have audited the statement of net assets of Clark County Department of Aviation, Clark County, Nevada (the "Department"), as of and for the year ended June 30, 2011, and the related statements of revenues, expenses, and changes in net assets and cash flows for the year then ended and have issued our report thereon dated December 21, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Department's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Honorable Board of County Commissioners and others within the department, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Kafoury, Armstrong & Co.

Las Vegas, Nevada
December 21, 2011

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
AUDITOR'S COMMENTS
JUNE 30, 2011

CURRENT YEAR STATUTE COMPLIANCE

The Clark County Department of Aviation conformed to all significant statutory constraints on its financial administration during the year.

PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

The Department of Aviation monitored all significant constraints during the year ended June 30, 2011.

PRIOR YEAR RECOMMENDATIONS

We did not note any financial weaknesses of a magnitude to justify inclusion within the prior year report.

CURRENT YEAR RECOMMENDATIONS

We did not note any financial weaknesses of a magnitude to justify inclusion within this report.



KAFOURY, ARMSTRONG & CO.
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INDEPENDENT ACCOUNTANT'S REPORT

To the Honorable Board of County Commissioners
Clark County Department of Aviation
Clark County, Nevada

We have received from Department management the statement required by Nevada Revised Statute 354.624(5)(a) which indicates for each of the funds set forth in that paragraph:

- The identified fund is being used in accordance with the provisions of NRS Chapter 354.
- The fund is administered in accordance with accounting principles generally accepted in the United States of America.
- The reserves (ending net assets) in the fund at June 30, 2011, are limited to amounts that are reasonable and necessary to carry out the purposes of the funds.
- The sources of revenues available for the fund are as noted in the financial statements.
- The statutory and regulatory requirements applicable to the fund.
- The balance and net assets of the fund are as noted in the financial statements.

This assertion (statement) is the responsibility of the management of the Clark County Department of Aviation. Our responsibility is to review this assertion.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the assertion. Accordingly, we do not express such an opinion.

Based on our review, nothing came to our attention that caused us to believe that the assertion provided by management referred to above is not fairly stated in all material respects.

Kafoury Armstrong & Co.

Las Vegas, Nevada
December 21, 2011

Statistical Section



Overview of Information Provided in Statistical Section

The information contained herein has not been audited. It is intended to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess the Airport System's economic condition.

Financial trend data has been provided to assist users in understanding and assessing how the Airport System's financial position has changed over time. The financial trend data provided includes summary of trends in operating revenues, expenses and changes in net assets for the last ten years of the Department's operations. This section also includes detailed information on operating income before depreciation and non-operating income and expenses. Also included in this section is detail information on operating expenses by type such as wages, maintenance, professional services, security and fire, utilities, materials and supplies, insurance and other expenses.

Revenue capacity information has been provided to assist users in understanding and assessing the factors affecting the Airport System's ability to generate its own-source revenues. Revenue capacity information provided includes; revenues by type such as rentals, fees and airport concessions as well as summary information on restricted revenues for the same period.

Debt capacity information has been provided to assist users in understanding and assessing the Airport System's debt burden and its ability to service existing debt and issue additional debt. Schedules of bond debt service coverage are included to provide trends in coverage for senior lien, subordinate lien and passenger facility charge revenue bonds issued by the Department.

Demographic and economic information has been provided to assist users in understanding the socioeconomic environment within which the Airport System operates and to provide information that facilitates comparisons of financial statement information over time. Demographic and economic indicators provided include schedules of metropolitan service area (MSA) visitor volume, room occupancy rates, and convention attendance statistics as well as MSA population, labor source, and unemployment rates of the surrounding community.

Operating information has been provided to assist users with contextual information about the Airport System's operations and resources to assist the reader in using financial statement information to understand and assess the Airport System's economic condition. Included in this section is passenger enplanements statistics and cargo tonnage and aircraft landed weights for the last ten years of the Department's operations; airline market share information by airline for the last three years of airport operations; and an analysis of per passenger concession revenues, expenses, bond debt service coverage and airline costs for the last ten years of the Department's operations.

This section is intended to be viewed in conjunction with the financial statements as a whole and to enhance the usefulness of the financial information contained therein.

Clark County Department of Aviation
Clark County, Nevada

Summary of Changes in Net Assets
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Operating Revenue (000)	Percentage of Increase/Decrease	Operating Expenses (000)	Percentage of Increase/Decrease	Income Before Depreciation (000)	Percentage of Increase/Decrease	Depreciation (000)	Percentage of Increase/Decrease	Operating Income (000)	Percentage of Increase/Decrease	Net Non-Operating Income (expense) (000)	Percentage of Increase/Decrease	Income before Capital Contributions (000)	Percentage of Increase/Decrease	Capital Contributions (000)	Percentage of Increase/Decrease	Change in Net Assets (000)	Percentage of Increase/Decrease
2002	217,592		111,205		106,387		63,809		42,578		14,321		56,899		13,294		70,193	
2003	225,042	3.4%	124,666	12.1%	100,376	-5.7%	63,102	-1.1%	37,274	-12.5%	10,716	-25.2%	47,990	-15.7%	21,974	65.3%	69,964	-0.3%
2004	243,043	8.0%	122,947	-1.4%	120,096	19.6%	64,850	2.8%	55,246	48.2%	(18,099)	-268.9%	37,147	-22.6%	20,846	-5.1%	57,993	-17.1%
2005	261,566	7.6%	140,347	14.2%	121,219	0.9%	66,048	1.8%	55,171	-0.1%	2,200	-112.2%	57,371	54.4%	62,335	199.0%	119,706	106.4%
2006	290,979	11.2%	156,977	11.8%	134,002	10.5%	70,853	7.3%	63,149	14.5%	35,587	1517.6%	98,736	72.1%	116,187	86.4%	214,923	79.5%
2007	323,418	11.1%	207,443	32.1%	115,975	-13.5%	85,821	21.1%	30,154	-52.2%	50,097	40.8%	80,251	-18.7%	25,057	-78.4%	105,308	-51.0%
2008	375,888	16.2%	247,726	19.4%	128,162	10.5%	81,014	-5.6%	47,148	56.4%	34,338	-31.5%	81,486	1.5%	22,316	-10.9%	103,802	-1.4%
2009	379,215	0.9%	244,396	-1.3%	134,819	5.2%	122,688	51.4%	12,131	-74.3%	(40,369)	-217.6%	(28,238)	-134.7%	41,235	84.8%	12,997	-87.5%
2010	362,451	-4.4%	227,694	-6.8%	134,757	0.0%	134,369	9.5%	388	-96.8%	(40,236)	-0.3%	(39,848)	41.1%	22,914	-44.4%	(16,934)	-230.3%
2011	392,554	8.3%	217,353	-4.5%	175,201	30.0%	136,104	1.3%	39,097	9976.5%	(25,597)	-36.4%	13,501	-133.9%	16,761	-26.9%	30,262	-278.7%
Average Annual Increase (Decrease)	6.8%		7.7%		5.7%		8.8%		-0.9%		96.3%		-17.4%		2.6%		-53.4%	

This summary includes information on operating revenues and expenses, operating income before depreciation, non-operating income and changes in net assets. It provides a summary of trends in operating revenues, expenses and changes in net assets for the last ten years of Airport operations.

Clark County Department of Aviation
Clark County, Nevada

Schedule of Revenues, Expenses, and Changes in Net Assets
Budget vs. Actual for Fiscal Year Ended June 30, 2011
(with Comparative Totals for Fiscal Year Ended June 30, 2010)

	FY 2011			FY 2010
	Budget (000)	Actual (000)	Variance- Positive (Negative) (000)	Actual (000)
Operating Revenues				
Landing Fees	\$ 53,671	\$ 57,655	\$ 3,984	\$ 51,722
Other Aircraft Fees	12,901	5,619	(7,282)	5,221
Terminal concessions fees	52,108	53,023	915	51,925
Building Rental	154,089	155,828	1,739	138,263
Public and employee parking fees	29,042	28,326	(716)	26,618
Gaming fees	26,445	25,908	(537)	25,659
Rental car concession fees	28,100	27,274	(826)	25,160
Land Rental	15,927	18,578	2,651	18,828
Ground transportation fees	12,317	13,340	1,023	12,699
Other	5,755	7,003	1,248	6,357
Total Operating Revenue	390,355	392,554	2,199	362,451
Operating Expenses				
Salaries & Wages	82,242	73,629	8,613	75,251
Employee Benefits	36,496	37,557	(1,061)	33,963
Contracted & Professional Services	60,304	49,203	11,101	56,464
Repairs and Maintenance	21,911	22,118	(207)	22,789
Utilities & Communications	28,049	20,199	7,850	21,072
Materials & Supplies	16,854	9,010	7,844	12,905
Administrative Expenses	8,095	5,638	2,457	5,250
Total Operating Expenses	253,951	217,353	36,598	227,694
Operating income before depreciation	136,404	175,201	38,797	134,757
Depreciation/Amortization	135,775	136,104	(329)	134,369
Operating Income or (loss)	629	39,097	39,126	388
Non-operating Revenues (Expenses)				
Passenger Facility Charges	79,916	77,949	(1,967)	77,309
Jet A Fuel Taxes	8,442	7,318	(1,124)	7,799
Interest and investment income	16,808	51,334	34,526	45,777
Interest expense	(205,374)	(162,162)	43,212	(164,499)
Capital Contributions	21,000	16,761	(4,239)	22,914
Net loss from disposition of capital assets	-	(35)	(35)	(6,622)
Total non-operating revenues (expenses)	(79,208)	(8,835)	70,373	(17,322)
Change in net assets	(78,579)	30,262	109,499	(16,934)
Net Assets, beginning of year	1,514,306	1,514,306	-	1,531,240
Net Assets, end of year	\$ 1,435,727	\$ 1,544,568	\$ 109,499	\$ 1,514,306

Clark County Department of Aviation
Clark County, Nevada

Summary of Non-operating Income and Expenses
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Passenger Facility Charges (000)	Percentage of Increase/Decrease	Customer Facility Charges (000)	Percentage of Increase/Decrease	Jet - A Fuel Taxes (000)	Percentage of Increase/Decrease	Interest and Investment Income (000)	Percentage of Increase/Decrease	Interest Expense (000)	Percentage of Increase/Decrease	Gain/(loss) Disposition of Assets (000)	Percentage of Increase/Decrease	Other Income (Expense) (000)	Percentage of Increase/Decrease	Total Non-operating Inc/(Exp) (000)	Percentage of Increase/Decrease
2002	44,933		-		11,597		45,489		89,222		-		1,524		14,321	
2003	44,945	0.0%	-	0.0%	11,765	1.4%	40,621	-10.7%	87,831	-1.6%	-	0.0%	1,216	-20.2%	10,716	-25.2%
2004	50,758	12.9%	-	0.0%	9,530	-19.0%	14,694	-63.8%	89,720	2.2%	-	0.0%	(3,361)	-376.4%	(18,099)	-268.9%
2005	73,390	44.6%	-	0.0%	9,362	-1.8%	26,866	82.8%	105,806	17.9%	-	0.0%	(1,612)	-52.0%	2,200	-112.2%
2006	85,969	17.1%	11,413	0.0%	9,271	-1.0%	36,129	34.5%	113,460	7.2%	-	0.0%	6,265	-488.6%	35,587	1517.6%
2007	89,358	3.9%	10,470	100.0%	9,310	0.4%	54,323	50.4%	112,533	-0.8%	-	0.0%	(831)	-113.3%	50,097	40.8%
2008	79,475	-11.1%	50,844	385.6%	9,498	2.0%	60,636	11.6%	157,604	40.1%	(8,693)	100.0%	182	-121.9%	34,338	-31.5%
2009	75,335	-5.2%	-	-100.0%	8,388	-11.7%	22,405	-63.1%	137,254	-12.9%	(8,921)	2.6%	(322)	-276.9%	(40,369)	-217.6%
2010	77,309	2.6%	-	-	7,799	-7.0%	45,777	104.3%	164,499	19.9%	(6,622)	-25.8%	-	-100.0%	(40,236)	-0.3%
2011	77,949	0.8%	-	-	7,318	-6.2%	51,334	12.1%	162,162	-1.4%	(35)	-99.5%	-	-	(25,597)	-36.4%
Average Annual Increase (Decrease)	6.3%		n/a		-5.0%		1.4%		6.9%		n/a		n/a		n/a	

This summary includes information on non-operating income and expenses by source and/or activity.

Clark County Department of Aviation
Clark County, Nevada

Schedule of Airport Revenue Bond Debt Service Coverage
From Operating Revenues and Interest Income Available for Debt Service
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	(1) Total Revenue Available for Debt Service (000)	(2) Less: Operating and Maintenance Expenses (000)	(3) (1) minus (2) Net Revenue Available for Debt Service (000)	(4) Senior Lien Debt Service (000)	(3)/(4) Senior Lien Coverage (1.25 Required *)	(5) Subordinate Lien Debt Service (000)	(3)/(4+5) Senior and Subordinate Lien Coverage (1.10 Required*)
2002	243,809	111,205	132,604	36,151	3.67	21,611	2.30
2003	251,508	124,666	126,842	36,274	3.50	20,987	2.22
2004	245,581	122,947	122,634	35,010	3.50	22,469	2.13
2005	280,155	140,347	139,808	34,958	4.00	32,930	2.06
2006	326,726	156,977	169,749	42,807	3.97	40,760	2.03
2007	363,336	207,443	155,893	40,371	3.86	47,505	1.77
2008	418,566	256,419	162,147	39,934	4.06	57,602	1.66
2009	413,052	244,396	168,656	43,066	3.92	47,919	1.85
2010	390,260	227,694	162,566	60,674	2.68	47,950	1.50
2011	417,051	217,353	199,698	63,194	3.16	54,217	1.70
Average Annual Increase(Decrease)	6.1%	7.7%	4.7%	6.4%	3.68	10.8%	1.95

* Required by Master Indenture of Trust, dated May, 2003, as amended

Schedule of Passenger Facility Charge (PFC) Revenue Bond Debt Service Coverage
From PFC Revenues and PFC Interest Income Available for Debt Service
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	PFC Revenue (000)	PFC Debt Service (000)	PFC Coverage (none Required)
2002	52,155	51,656	1.01
2003	50,185	50,674	0.99
2004	51,709	54,984	0.94
2005	73,390	43,756	1.68
2006	90,442	50,442	1.79
2007	93,756	79,970	1.17
2008	95,079	95,204	1.00
2009	81,271	89,456	0.91
2010	81,805	81,804	1.00
2011	78,997	82,187	0.96
Average Annual Increase(Decrease)	4.7%	5.3%	1.15

This schedule provides trends in coverage requirements for senior lien and subordinate lien debt service as are defined in the Master Indenture of Trust, dated May 1, 2003. For illustration purposes, this analysis also provides calculated coverage for passenger facility charge revenue bonds issued by the Airport.

Clark County Department of Aviation
Clark County, Nevada

Summary of Operating Revenues
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Total Operating Revenue (000)	Percentage of Increase/Decrease	Landing Fees (000)	Percentage of Increase/Decrease	Other Aircraft Fees (000)	Percentage of Increase/Decrease	Building Rentals (000)	Percentage of Increase/Decrease	Land Rentals (000)	Percentage of Increase/Decrease	Concessions								Misc (000)	Percentage of Increase/Decrease
											Transport (000)	Percentage of Increase/Decrease	Gaming (000)	Percentage of Increase/Decrease	Terminal (000)	Percentage of Increase/Decrease	Parking (000)	Percentage of Increase/Decrease		
2002	215,013		30,018		3,664		66,262		8,279		25,691		28,859		30,654		17,277		4,309	
2003	217,592	1.2%	28,348	-5.6%	4,010	9.4%	66,356	0.1%	10,054	21.4%	25,822	0.5%	32,148	11.4%	29,599	-3.4%	17,117	-0.9%	4,138	-4.0%
2004	225,042	3.4%	27,619	-2.6%	4,162	3.8%	66,683	0.5%	13,460	33.9%	26,809	3.8%	32,881	2.3%	30,696	3.7%	17,469	2.1%	5,263	27.2%
2005	243,043	8.0%	29,878	8.2%	4,677	12.4%	68,356	2.5%	13,119	-2.5%	29,871	11.4%	37,560	14.2%	34,349	11.9%	19,077	9.2%	6,156	17.0%
2006	261,566	7.6%	32,496	8.8%	4,617	-1.3%	70,466	3.1%	13,992	6.7%	34,883	16.8%	37,608	0.1%	39,132	13.9%	22,317	17.0%	6,057	-1.6%
2007	290,977	11.2%	23,947	-26.3%	10,164	120.1%	88,037	24.9%	15,132	8.1%	38,375	10.0%	39,624	5.4%	45,111	15.3%	26,261	17.7%	4,326	-28.6%
2008	375,888	29.2%	35,778	49.4%	28,681	182.2%	105,512	19.8%	15,753	4.1%	66,398	73.0%	38,470	-2.9%	54,490	20.8%	27,893	6.2%	2,872	-33.6%
2009	379,215	0.9%	51,422	43.7%	29,087	1.4%	123,557	17.1%	16,870	7.1%	40,443	-39.1%	30,573	-20.5%	53,349	-2.1%	27,490	-1.4%	6,424	123.7%
2010	362,451	-4.4%	51,722	0.6%	5,220	-82.1%	138,989	12.5%	17,985	6.6%	37,858	-6.4%	25,659	-16.1%	51,925	-2.7%	26,618	-3.2%	2,098	-67.3%
2011	392,554	8.3%	57,655	11.5%	5,619	7.6%	150,799	8.5%	17,693	-1.6%	40,614	7.3%	25,908	1.0%	53,023	2.1%	28,326	6.4%	2,845	35.6%
Average Annual Increase (Decrease)	6.9%		7.5%		-100.0%		9.6%		8.8%		5.2%		-1.2%		6.3%		5.6%		-4.5%	

This trend analysis provides operating income by revenue type: rentals, fees and concessions for the last ten years of Airport operations.

Clark County Department of Aviation
Clark County, Nevada

Summary of Restricted Revenues
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Jet Aviation Fuel Tax (000)	Percentage of Increase/Decrease	Jet A Fuel Tax Per Enplaned Passenger (000)	Passenger Facility Charge (000)	Percentage of Increase/Decrease	PFC Per Enplaned Passenger (000)	Customer Facility Charge (000)	Percentage of Increase/Decrease	CFC Per Enplaned Passenger (000)
2002	11,597		0.64	44,933		2.48	-	-	-
2003	11,765	1.4%	0.68	44,945	0.0%	2.65	-	-	-
2004	9,530	-19.0%	0.67	50,758	12.9%	2.55	-	-	-
2005	9,362	-1.8%	0.49	73,390	44.6%	2.61	-	-	-
2006	9,271	-1.0%	0.44	85,969	17.1%	3.42	11,413	-	-
2007	9,310	0.4%	0.41	89,358	3.9%	3.96	10,470	-8.3%	0.46
2008	9,499	2.0%	0.40	79,475	-11.1%	3.36	50,844	385.6%	2.15
2009	8,388	-11.7%	0.41	75,335	-5.2%	3.78	-	-	-
2010	7,799	-7.0%	0.39	77,309	2.6%	3.87	-	-	-
2011	7,318	-6.2%	0.36	77,949	0.8%	3.85	-	-	-
Average Annual Increase (Decrease)	-5.0%		-6.2%	6.3%		5.0%	-100.0%		-100.0%

This schedule provides trends in restricted revenues for capital project funding collected from fuel taxes and passenger fees during the last ten years of Airport operations.

Clark County Department of Aviation
Clark County, Nevada

Ratios of Airport Revenue Bond Debt Service to Total Operating Revenues and Expenses
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Senior Lien Debt Service (000)	Subordinate Lien Debt Service (000)	Total Debt Service (000)	Operating Revenues (000)	Ratio of Debt Service to Revenues	Operating Expenses (000)	Ratio of Debt Service to Expenses
2002	36,151	21,611	57,762	217,592	3.77	111,205	1.93
2003	36,274	20,987	57,261	225,042	3.93	124,666	2.18
2004	35,010	22,911	57,921	243,043	4.20	122,947	2.12
2005	34,958	32,930	67,888	261,566	3.85	140,347	2.07
2006	42,807	40,760	83,567	290,977	3.48	156,977	1.88
2007	40,371	47,505	87,876	323,418	3.68	207,443	2.36
2008	39,934	57,602	97,536	375,888	3.85	247,726	2.54
2009	43,066	47,919	90,985	379,215	4.17	244,396	2.69
2010	60,674	47,950	108,624	362,451	3.34	227,694	2.10
2011	63,194	54,217	117,411	392,554	3.36	217,353	1.85
Average Annual Increase(Decrease)	6.4%	10.8%	8.2%	6.8%	3.76	7.7%	2.17

This schedule provides bond debt service ratio trends for operating revenue and operating expense for the last ten years of Airport operations.

Clark County Department of Aviation
Clark County, Nevada

Summary of Operating Expenses
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Total (000)	Percentage of Increase/Decrease	Wages and Benefits (000)	Percentage of Increase/Decrease	Professional Services (000)	Percentage of Increase/Decrease	Utilities (000)	Percentage of Increase/Decrease	Repairs, Supplies and Maintenance (000)	Percentage of Increase/Decrease	Insurance (000)	Percentage of Increase/Decrease	Other (000)	Percentage of Increase/Decrease
2002	111,205		53,294		24,003		12,050		15,064		3,601		3,193	
2003	124,666	12.1%	56,075	5.2%	24,707	2.9%	13,305	10.4%	17,219	14.3%	4,902	36.1%	8,458	164.9%
2004	122,947	-1.4%	59,233	5.6%	25,314	2.5%	12,799	-3.8%	16,954	-1.5%	5,624	14.7%	3,023	-64.3%
2005	140,346	14.2%	63,329	6.9%	32,346	27.8%	16,166	26.3%	20,802	22.7%	5,249	-6.7%	2,454	-18.8%
2006	156,977	11.8%	67,128	6.0%	33,535	3.7%	17,732	9.7%	30,943	48.8%	5,879	12.0%	1,760	-28.3%
2007	207,443	32.1%	82,254	22.5%	49,786	48.5%	22,622	27.6%	43,909	41.9%	5,889	0.2%	2,983	69.5%
2008	247,726	19.4%	98,753	20.1%	68,868	38.3%	22,526	-0.4%	47,004	7.0%	5,762	-2.2%	4,813	61.3%
2009	244,396	-1.3%	112,281	13.7%	64,085	-6.9%	22,222	-1.3%	39,716	-15.5%	4,686	-18.7%	1,406	-70.8%
2010	227,694	-6.8%	109,214	-2.7%	56,464	-11.9%	21,072	-5.2%	35,694	-10.1%	2,812	-40.0%	2,438	73.4%
2011	217,353	-4.5%	111,186	1.8%	49,203	-12.9%	20,199	-4.1%	31,128	-12.8%	2,314	-17.7%	3,323	36.3%
Average Annual Increase (Decrease)	7.7%		8.5%		8.3%		5.9%		8.4%		-4.8%		0.4%	

The summary provides trends in operating expenses by type for wages, maintenance, independent services, security and fire, utilities, repairs and maintenance, insurance and other expenses for the last ten years of Airport operations.

Clark County Department of Aviation
Clark County, Nevada

Passenger and Operating Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Aircraft Operations (Departures)	Percentage of Increase/ Decrease	Landed Weight (Pounds per 000)	Percentage of Increase/ Decrease	Total Enplaned Passengers	Percentage of Increase/ Decrease	Cargo Tons	Percentage of Increase/ Decrease
2002	179,564		23,587,166		16,945,697		88,289	
2003	179,223	-0.2%	23,074,743	-2.2%	17,641,500	4.1%	89,498	1.4%
2004	193,860	8.2%	24,878,724	7.8%	19,449,065	10.2%	92,857	3.8%
2005	213,035	9.9%	27,066,272	8.8%	21,439,652	10.2%	107,252	15.5%
2006	227,445	6.8%	27,526,493	1.7%	22,546,814	5.2%	112,352	4.8%
2007	257,743	13.3%	28,831,044	4.7%	23,628,484	4.8%	104,761	-6.8%
2008	260,343	1.0%	28,941,564	0.4%	23,525,862	-0.4%	100,929	-3.7%
2009	230,925	-11.3%	25,973,079	-10.3%	20,739,408	-11.8%	90,746	-10.1%
2010	218,706	-5.3%	24,306,053	-6.4%	19,952,800	-3.8%	90,248	-0.5%
2011	224,386	2.6%	24,288,033	-0.1%	20,266,091	1.6%	95,480	5.8%
Average Annual Increase (Decrease)	2.5%		0.3%		2.0%		0.9%	

Clark County Department of Aviation
Clark County, Nevada

Visitor, Convention and Room Statistics
Last Ten Calendar Years
(Unaudited)

Calendar Year	Total Visitor Volume	Percentage of Increase/ Decrease	Convention Attendance	Percentage of Increase/ Decrease	Total Available Hotel-Motel Rooms	Percentage of Increase/ Decrease	Occupancy Rates	Percentage of Increase/ Decrease	Labor Source	Percentage of Increase/ Decrease
2001	35,017,317		4,049,095		126,610		84.7%		834,100	
2002	35,071,504	0.2%	5,105,450	26.1%	126,787	0.1%	84.0%	-0.8%	887,800	6.4%
2003	35,540,126	1.3%	5,657,796	10.8%	130,482	2.9%	85.0%	1.2%	846,100	-4.7%
2004	37,388,781	5.2%	5,724,864	1.2%	131,503	0.8%	88.6%	4.2%	885,500	4.7%
2005	38,566,717	3.2%	6,166,194	7.7%	133,186	1.3%	89.2%	0.7%	899,334	1.6%
2006	38,914,889	0.9%	6,307,961	2.3%	132,605	-0.4%	89.7%	0.6%	913,000	1.5%
2007	39,196,761	0.7%	6,209,253	-1.6%	132,947	0.3%	90.4%	0.8%	907,720	-0.6%
2008	37,481,552	-4.4%	5,899,725	-5.0%	140,529	5.7%	86.0%	-4.9%	922,878	1.7%
2009	36,351,469	-3.0%	4,492,275	-23.9%	148,941	6.0%	81.5%	-5.2%	986,400	6.9%
2010	37,335,436	2.7%	4,473,134	-0.4%	148,935	0.0%	80.4%	-1.3%	969,098	-1.8%
Average Annual Increase (Decrease)		0.7%		1.1%		1.8%		-0.6%		1.7%

Source: Las Vegas Convention and Visitors Authority
Clark County Department of Comprehensive Planning
Nevada Employment Security Research Division

This analysis provides visitor, room and convention statistics for the Las Vegas metropolitan area for the last ten years of Airport operations. Approximately 50.0% of the visitors arriving in Las Vegas arrive through the Airport. In addition, prior to FY 2008 the Airport had seen a strong correlation between hotel room growth and the growth in total Airport passengers.

Clark County Department of Aviation
Clark County, Nevada

Market Share of Air Carriers
Last Three Fiscal Years
(Unaudited)

Airline	FY 2011			FY 2010			FY 2009	
	Enplaned Passengers			Enplaned Passengers			Enplaned Passengers	
	Number	Percent of Total	Increase/ Decrease	Number	Percent of Total	Increase/ Decrease	Number	Percent of Total
Southwest	7,981,142	39.4%	2.5%	7,782,729	39.0%	1.3%	7,685,790	37.1%
US Airways	1,385,557	6.8%	-25.8%	1,866,341	9.4%	-38.4%	3,028,620	14.6%
United	1,311,957	6.5%	-7.9%	1,424,172	7.1%	-4.2%	1,487,166	7.2%
Delta	2,258,869	11.1%	4.2%	2,166,961	10.9%	73.4%	1,249,774	6.0%
American	1,196,867	5.9%	5.9%	1,130,026	5.7%	2.3%	1,104,593	5.3%
Continental	995,281	4.9%	1.1%	984,523	4.9%	-0.7%	990,985	4.8%
Allegiant	985,576	4.9%	5.8%	931,664	4.7%	1.9%	914,604	4.4%
Northwest	-	0.0%	0.0%	-	0.0%	0.0%	681,794	3.3%
Alaska	606,341	3.0%	12.2%	540,501	2.7%	5.6%	511,746	2.5%
JetBlue	421,676	2.1%	10.8%	380,496	1.9%	-9.1%	418,437	2.0%
AirTran	282,116	1.4%	5.2%	268,121	1.3%	-10.2%	298,704	1.4%
Frontier	335,801	1.7%	-1.7%	341,717	1.7%	37.9%	247,830	1.2%
Spirit	273,878	1.4%	123.5%	122,532	0.6%	5.7%	115,900	0.6%
Sun Country ¹	66,337	0.3%	0.0%	-	0.0%	0.0%	-	0.0%
Midwest Express ²	-	0.0%	0.0%	-	0.0%	-100.0%	82,688	0.4%
Great Lakes ³	5,552	0.0%	313.1%	1,344	0.0%	0.0%	-	0.0%
Virgin America	243,690	1.2%	8.2%	225,314	1.1%	2.1%	220,641	1.1%
Champion	-	0.0%	0.0%	-	0.0%	0.0%	-	0.0%
ATA	-	0.0%	0.0%	-	0.0%	0.0%	-	0.0%
Aloha	-	0.0%	0.0%	-	0.0%	0.0%	-	0.0%
Hawaiian Air	256,849	1.3%	14.6%	224,178	1.1%	11.8%	200,577	1.0%
International Carriers	1,131,290	5.6%	4.6%	1,082,026	5.4%	9.7%	986,684	4.8%
Charter Airlines	75,480	0.4%	17.5%	64,263	0.3%	-36.8%	101,750	0.5%
General Aviation & Other	451,832	2.2%	8.6%	415,892	2.1%	1.2%	411,125	2.0%
Total Enplanements	20,266,091	100.0%	1.6%	19,952,800	100.0%	-3.8%	20,739,408	100.0%

¹ Independent from Delta beginning September 2010

² Midwest and Frontier merged operations FY 2010

³ Commenced operations April, 2010

This analysis provides market share information by Air Carrier for the last three years of Airport operations.

Clark County Department of Aviation
Clark County, Nevada

Per Passenger Calculations
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Concessions				Concession Revenue per Enplanement	Operating Expenses per Enplanement	Airport Revenue Bond Debt Service	Airline Cost per Enplanement
	Ground Trsp	Gaming	Terminal	Parking				
2002	1.52	1.90	1.75	1.01	6.18	6.56	3.41	5.24
2003	1.52	1.86	1.74	0.99	6.11	7.07	3.25	4.96
2004	1.54	1.93	1.77	0.98	6.22	6.32	2.98	4.76
2005	1.63	1.75	1.83	1.04	6.25	6.55	3.17	4.71
2006	1.70	1.76	2.00	1.16	6.62	6.96	3.71	4.62
2007	2.81	1.73	2.04	1.19	7.77	8.78	3.79	5.50
2008	3.08	1.64	2.32	1.19	8.23	10.90	4.46	6.22
2009	3.38	1.47	2.57	1.33	8.75	12.21	4.56	7.67
2010	3.26	1.29	2.60	1.33	8.48	11.41	5.44	7.54
2011	3.69	1.28	2.62	1.40	8.98	10.73	5.79	8.46
Average	\$ 2.41	\$ 1.66	\$ 2.12	\$ 1.16	\$ 7.36	\$ 8.75	\$ 4.06	\$ 5.97

This is a trend analysis of per enplaned passenger concession revenues, expenses, bond debt service coverage and airline costs for the last ten years of Airport operations.

Clark County Department of Aviation
Clark County, Nevada

Schedule of Net Assets
Fiscal Years 2005 through 2011
(Unaudited)

Fiscal Year	Invested in capital assets, net of related debt (000)	Restricted for capital projects (000)	Restricted for debt service (000)	Restricted for other (000)	Unrestricted net assets (000)	Total Net Assets (000)
2005	95,981	329,096	329,192	-	304,817	1,059,086
2006	333,719	385,654	382,100	-	172,535	1,274,008
2007	(309,417)	1,101,867	426,797	-	160,068	1,379,315
2008	987,234	204,872	86,855	27,619	202,243	1,508,823
2009	1,097,789	115,568	86,460	34,570	214,584	1,548,971
2010	988,517	190,783	134,603	20,101	180,302	1,514,306
2011	915,133	223,848	106,416	29,423	269,748	1,544,568
Average Annual Increase/(Decrease)	45.6%	-6.2%	-17.2%	2.1%	-2.0%	6.5%

This is a trended analysis of Airport net assets restricted for capital projects, debt service and unrestricted net assets since fiscal year ended June 30, 2005 as required by GASB 34.

Clark County Department of Aviation
Clark County, Nevada

Demographic and Economic Statistics
Last Ten Calendar Years
(Unaudited)

Calendar Year	Clark County Population (1)	Percentage of Increase/Decrease	Personal Income (2)	Percentage of Increase/Decrease	Per Capita Personal Income	Percentage of Increase/Decrease	School Enrollment (3)	Percentage of Increase/Decrease	Unemployment Rates (4)	Percentage of Increase/Decrease
2002	1,584,083		47,365,665,783		29,901		244,766		6.2%	
2003	1,642,084	3.7%	50,840,562,724	7.3%	30,961	3.5%	255,328	4.3%	5.3%	-14.1%
2004	1,747,025	6.4%	57,587,185,075	13.3%	32,963	6.5%	268,357	5.1%	4.8%	-9.6%
2005	1,815,730	3.9%	68,189,740,150	18.4%	37,555	13.9%	280,834	4.6%	4.0%	-16.7%
2006	1,912,654	5.3%	74,077,089,420	8.6%	38,730	3.1%	291,510	3.8%	3.9%	-2.5%
2007	1,963,687	2.7%	78,439,477,215	5.9%	39,945	3.1%	302,763	3.9%	4.3%	10.3%
2008	1,986,146	1.1%	79,286,948,320	1.1%	39,920	-0.1%	308,783	2.0%	5.5%	27.9%
2009	2,006,347	1.0%	69,854,528,000	-11.9%	36,711	-8.0%	311,240	0.8%	9.2%	66.9%
2010	2,023,102	0.8%	not available		not available	0.0%	309,893	-0.4%	14.0%	52.5%
2011	not available		not available		not available					
Average Annual Increase (Decrease)		3.1%		5.4%		3.0%		3.0%		10.8%

Source: (1) Clark County Department of Comprehensive Planning

(2) University of Nevada, Las Vegas (data revisions per Bureau of Economic Analysis)

(3) Clark County School District

(4) Nevada Department of Employment Security

Clark County Department of Aviation
Clark County, Nevada

Principal Employers - Clark County Nevada
Current Year and Nine Years Ago
(Unaudited)

Principal Employer	2011			2002		
	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
Clark County School District	35,000.00	1	4.37%	25,000	1	3.43%
Clark County, Nevada	8,250.00	2	1.03%	8,250	2	1.13%
Wynn Las Vegas, LLC	7,750.00	3	0.97%			
Bellagio, LLC	7,750.00	4	0.97%			
MGM Grand Hotel/Casino	7,750.00	5	0.97%			
Aria Resort and Casino, LLC	6,750.00	6	0.83%			
Mandalay Bay Resort and Casino	6,250.00	7	0.78%			
Las Vegas Metropolitan Police	5,750.00	8	0.72%	4,250	7	0.58%
Caesars Palace	5,250.00	9	0.65%	4,250	6	0.58%
University of Nevada-Las Vegas	5,250.00	10	0.65%	5,250	4	0.72%
The Mirage Casino Hotel				5,750	3	0.79%
Bally's and Paris Hotels						
Rio Suite Hotel				4,250	8	0.58%
State of Nevada				4,750	5	0.65%
Luxor				3,750	9	0.51%
Treasure Island				3,750	10	0.51%
Total principal employers	<u>95,750.00</u>		<u>11.94%</u>	<u>69,250</u>		<u>9.48%</u>
Total Employment	<u>802,100</u>			<u>730,400</u>		

Source: State of Nevada - Department of Employment, Training and Rehabilitation

Note: Number of employees estimated using midpoint range.

Clark County Department of Aviation
Clark County, Nevada

Full Time Equivalent Department of Aviation Employees
Last Ten Fiscal Years
(Unaudited)

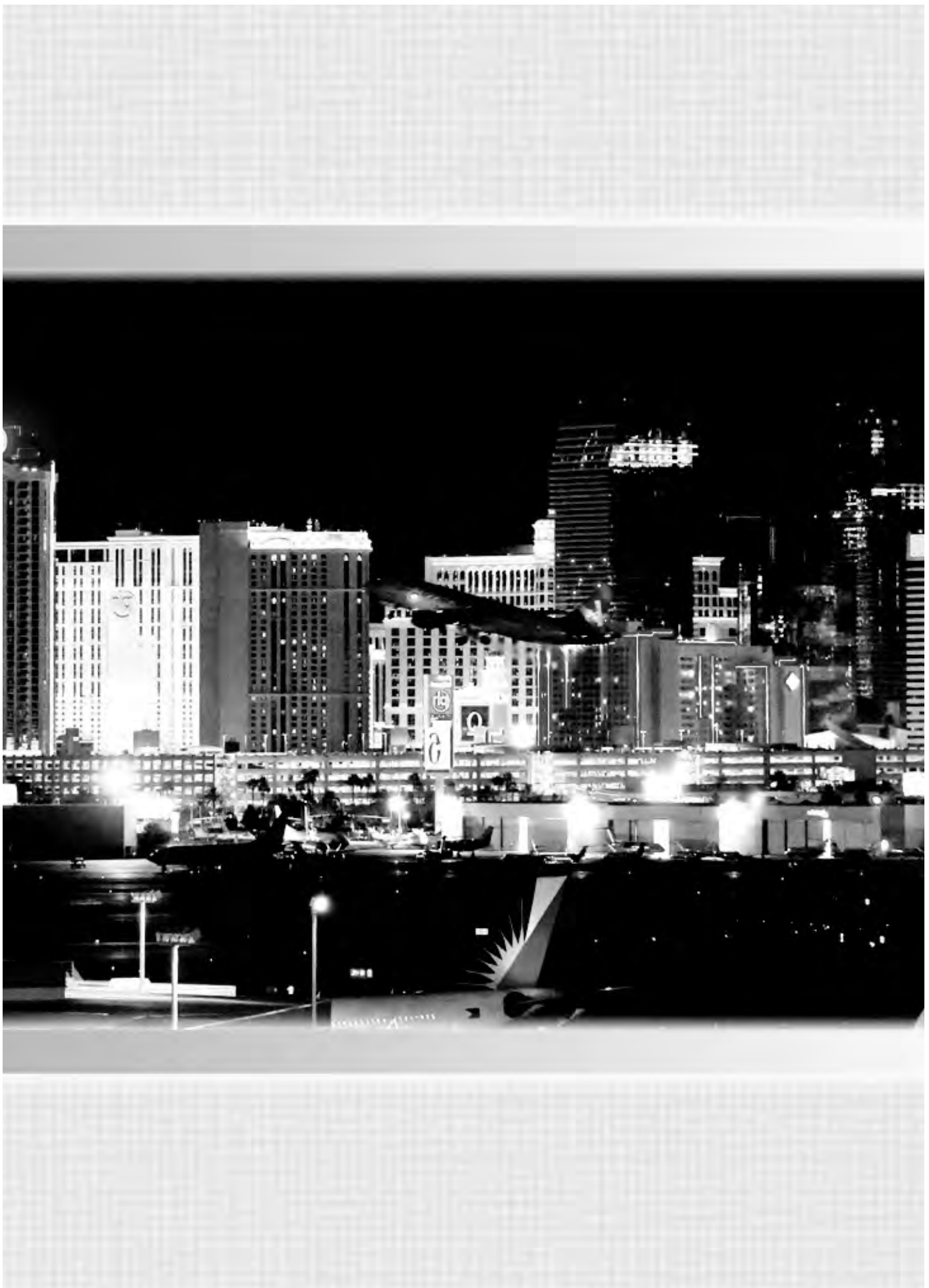
Fiscal Year	Total
2002	897
2003	912
2004	962
2005	954
2006	1,143
2007	1,347
2008	1,363
2009	1,387
2010	1,365
2011	1,321
Average Annual Increase (Decrease)	4.4%

Clark County Department of Aviation
Clark County, Nevada

Nature, Volume, and Usage of Capital Assets
For the Fiscal Years Ended June 30,
(Unaudited)

	2011	2001
Indicators of the level of demand for services		
Airlines:	35	34
		82 nonstop
Destinations served:	149 nonstop (including 20 international)	(including 13 international)
Daily flight operations:	1,423	1,391
Daily commercial operations:	911	849
Annual passengers:	40,495,125	37,314,455
McCarran International Airport		
Site:	2,820 acres	2,820 acres
Runways:	25R*/7L: 14,510' X 150' 25L*/7R: 10,526' X 150' 19R/1L*: 8,985' X 150' 19L/1R: 9,775' X 150' * ILS equipped	25R*/7L: 14,510' X 150' 25L*/7R: 10,526' X 150' 19R/1L*: 8,985' X 150' 19L/1R: 9,775' X 150' * ILS equipped
Gates	104	92
Terminal buildings:		
Rentable Space	1,780,183	1,618,790
Public Space	881,808	801,863
Total Usable Space	2,661,991	2,420,653
Administration	437,902	398,202
Mechanical/Utilities	209,296	190,321
Total Space	3,309,189	3,009,176
Parking:		
Short-term	791	1,100
Valet	932	350
Long-Term	3,432	3,985
Terminal 2 Public	272	148
Economy	5,100	N/A
Remote	1,984	4,082
Total Public Parking Spaces	12,511	9,665
Consolidated Car Rental Facility:		
Customer Service Building (Sq. Ft.)	111,000	N/A
Garage (Sq. Ft.)	1,800,000	N/A
Vehicle Capacity	5,000+	N/A
Shuttle Bus Fleet (units)	40	N/A

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APPENDIX C

DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE 2012 PFC SERIES B BOND INDENTURE

DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF THE MASTER INDENTURE

Following is a summary of certain provisions of the Master Indenture. This summary is not intended to be definitive and is qualified in its entirety by reference to the Master Indenture.

DEFINITIONS

The terms set forth below have the same meanings in the Master Indenture, this Official Statement and this Appendix except as otherwise noted. Unless the context otherwise requires, the terms defined under this caption will, for all purposes of this Official Statement, have the meanings herein specified. All defined terms used herein and not otherwise defined herein shall have the respective meanings given to such terms in the Master Indenture.

“Additional Project” means (a) any additions, betterments, extensions, other improvements, or equipment of or related to the Airport System, and (b) any airport or airport related facility hereafter constructed, or otherwise acquired, or operated and maintained by the County at any site or sites other than the site of the Airport and any additions, betterments, extensions, or other improvements of any such airport or airport facilities; but excluding any Special Facilities.

“Aggregate Debt Service Requirements” means, for any Bond Year, the sum of the Debt Service Requirements of any Senior Lien Revenue Securities payable from the Net Revenues, which payment is secured by a pledge of and lien on the Net Revenues of the Airport System.

“Airport Facilities” or “Airport System” means all of the County’s airport facilities, including, without limitation (a) the presently existing airport system consisting of the McCarran International Airport, Henderson Executive Airport, North Las Vegas Air Terminal, Overton Airfield and Jean Airfield; (b) all land, buildings, structures, and other facilities of such airports or related thereto of whatsoever character and wherever situated, within the County, and all future enlargements thereof and other improvements thereto, however financed and wherever located, or any substitute facilities; and (c) all properties, real, personal, mixed or otherwise, now owned or hereafter acquired by the County, through purchase, construction or otherwise, and used in connection with the Airport Facilities and in any way pertaining thereto; but excluding (a) Special Facilities until the end of the respective terms of the Net Rent Leases pertaining to such Special Facilities and (b) any additional airfields or other independent airport facilities (other than the Airport System or any part thereof) which are excluded from the Airport Facilities at the option and by order of the Board pursuant to the Master Indenture.

“Airport Management Consultant” means an independent airport management consultant or airport management consulting firm, as from time to time appointed and compensated by the Board on the behalf and in the name of the County, (a) who has a wide and favorable reputation for special skill and knowledge in methods of the development, operation and management of airports and airport facilities and (b) who is selected and retained by the Board, in the name of the County, and is compensated thereby, but who is not in the regular employ or control of the County.

“Assistant Director” means a de jure or de facto assistant director of the Airport System designated as such by the County, or a successor to an assistant director in functions, if any, and means the de jure or de facto chief assistant of an acting assistant director, if any, whenever an assistant director is unable to work in that capacity. If there is more than one Assistant Director, “Assistant Director” shall mean the Assistant Director designated for the purposes of the Master Indenture by the Director.

“Board” means the Board of County Commissioners of Clark County, in the State of Nevada, including any successor of the County.

“Bond Year” means the 12 months commencing on July 2 of any calendar year and ending on July 1 of the next succeeding calendar year.

“Book-Entry System” means the system maintained by the Securities Depository and described in Appendix E attached hereto.

“Chairman” means the de jure or de facto chairman of the Board, or his successor in functions, if any.

“Clerk” means the de jure or de facto county clerk of the County and designated as such by the County, or his successor in functions, if any.

“Commercial Bank” means a state or national bank or trust company which is a member of the Federal Deposit Insurance Corporation and of the Federal Reserve System, which has a capital and surplus of \$25,000,000 or more, and which is located within the United States; and such term includes, without limitation, any “Trust Bank.”

“Comparable Bond Year” means, in connection with any Fiscal Year, the Bond Year which commences in the Fiscal Year.

“Consulting Engineer” means any registered or licensed professional engineer, any firm of such engineers, any licensed professional architect, or any firm of such architects, as from time to time determined by the County, which Person or Persons (a) have a wide and favorable reputation for skill and experience in the field of designing, preparing plans and specifications for, and supervising construction of, airports and airport facilities, (b) are entitled to practice and are practicing as such under the laws of the State, and (c) are selected, retained and compensated by the Board, in the name and on behalf of the County, and who may be in the regular employ or control of the County.

“Debt Service Requirements” or “Securities Requirements,” means, for any Fiscal Year, as applied to any series of Senior Lien Revenue Securities, the sum of (a) the amount required to pay the interest on all Outstanding Senior Lien Revenue Securities of such series which is payable during the Comparable Bond Year, but if the Revenue Bonds or Revenue Securities of any series bear interest at a variable rate of interest, then except as provided in the Master Indenture with respect to Revenue Bonds subject to a Qualified Swap, the interest rate used will be the prevailing interest rate on such Revenue Bonds or Revenue Securities at the time of calculation, but neither greater than any maximum interest rate pertaining to such variable interest rate nor less than any minimum interest rate pertaining to such variable interest rate; (b) the amount required to pay the principal of all Outstanding Serial Senior Lien Revenue Securities and any prior redemption premiums due in connection therewith of such series which is payable in the Comparable Bond Year; (c) the Sinking Fund Requirements of the Outstanding Term Senior Lien Revenue Securities of such series for such Bond Year (other than Term Senior Lien Revenue Securities constituting Senior Guaranteed Obligations); and (d) the amount of any Senior Guaranteed Obligation Requirements for any Senior Guaranteed Obligations due in the Comparable Bond Year. Any computation of the Debt Service Requirements is made for the computation of the Senior Lien Revenue Securities as the Debt Service Requirements fall due (other than by a call of securities for prior redemption at the County’s option except as specifically provided in the Master Indenture) during any one succeeding Bond Year, but in any computation of the Debt Service Requirements preliminary to the issuance of an additional series of Senior Lien Revenue Securities, the computation may pertain to the 12-month period (as opposed to Fiscal Year) as provided under clause A under Additional Revenue Bonds. (See “Master Indenture—Issuance of Additional Senior Lien Revenue Securities.”)

“Defeasance Securities” means (a) Federal Securities which are not callable for redemption prior to their maturity by any Person other than the owner thereof and (b) other Investment Securities permitted under the Master Indenture (i) which either are not callable for redemption prior to their maturities by any Person other than the owner thereof or for which an option to redeem prior to maturity has previously been irrevocably exercised (or an irrevocable covenant to exercise such option has previously been made by the Person entitled to exercise such option) and the redemption date of such securities has thereby been irrevocably fixed prior to the use of any such securities as Defeasance Securities, and (ii) which at the time of their initial use as Defeasance Securities are rated in the highest generic rating category by Standard & Poor’s or Moody’s.

“Director” means the de jure or de facto director of aviation of the County and designated as such by the County, and means the de jure or de facto chief assistant of that official or the acting director of aviation, if any, of the County whenever the director of aviation is unable to act in such capacity, or the successor of the director of aviation in functions, if any.

“Federal Securities” means bills, certificates of indebtedness, notes, bonds or similar securities which are direct obligations of, or the principal and interest of which are unconditionally guaranteed by, the United States.

“Fiscal Year” means the 12 months commencing on July 1 of any calendar year and ending on June 30 of the next succeeding calendar year; and if the Nevada legislature changes the statutory fiscal year relating to the County, the Fiscal Year will conform to such modified statutory fiscal year from the time of each such modification, if any.

“General Obligation Securities” means general obligation bonds, notes or other securities issued for purposes pertaining to the Airport System payable from general (ad valorem) taxes and for the payment of which the County pledges its full faith and credit, which payment may be additionally made from the Net Revenues deposited to the Capital Fund created by the Master Indenture; but if the payment of such General Obligation Securities is additionally secured by a pledge for and lien on the Net Revenues, such Revenue Securities are to be paid from the Subordinate Securities Fund.

“Governing Body” means the Board.

“Gross Revenues” means all income and revenues derived directly or indirectly by the County from the operation and use of and otherwise pertaining to the Airport System, or otherwise, and includes all revenues received by the County from the Airport System, including, without limitation, all rentals, rates, fees and other charges for the use of the Airport System, or for any service rendered by the County in the operation thereof, revenues from any gaming at the Airport System, interest and other realized gain from any investment of moneys accounted for in various accounts of the Airport System Fund, and to the extent provided in the Master Indenture, any account into which revenues are transferred from the Revenue Fund, but excluding (i) any Revenue Bond proceeds and any other money credited to the Construction Fund or any like account for financing the acquisition of capital improvements and pertaining to any Additional Project under the Master Indenture, other than any surplus Revenue Bond proceeds or other unrestricted surplus moneys in the Construction Fund or other such account remaining after the completion of and payment for the project pertaining thereto, (ii) any moneys received as grants, appropriations or gifts, the use of which is limited by the grantor or donor to the construction of capital improvements for the Airport Facilities, except to the extent any such moneys shall be received as payments for the use of the Airport Facilities, (iii) any revenues derived from any Special Facilities (other than ground lease rentals pertaining to such Special Facilities and any moneys paid to the County in lieu of such rentals), (iv) insurance proceeds other than loss of use or business interruption proceeds, (v) interest and other gain from any investment of moneys in the Debt Service Reserve Fund so long as the amount of such Fund is less than the Reserve Requirements for all Senior Lien Revenue Securities, (vi) the proceeds of any passenger head tax or other per-passenger charge fixed and collected by the County in accordance with law; and (viii) any amounts paid to the County pursuant to a Qualified Swap.

“Guaranteed Obligation Requirements” means, with respect to any Guaranteed Obligations pertaining to any series of Senior Lien Revenue Securities or Subordinate Revenue Securities, regardless of whether any calculation of the designated requirements for inclusion in any Debt Service Requirements for any Bond Year and pertaining to any reserve account, any earnings test for the issuance of additional securities, the rate maintenance covenant in the Master Indenture or any other rate maintenance covenant which in turn pertains to any Subordinate Revenue Securities, is made prior to, on or after the maturity date of such Guaranteed Obligations, the sum of the amounts to be accumulated in the Bond Fund or Subordinate Securities Fund, as the case may be, by the County in each Fiscal Year for payment by the County in the Comparable Bond Year to a Qualified Bank, as compensation for the payment from the proceeds of its Letter of Credit of at least wholly or in part the principal amount of the Guaranteed Obligations in accordance with the related Letter of Credit Agreement, but subject to the following provisions:

(a) In the case of any calculation made prior to the fixed maturity date of the Guaranteed Obligations for each Comparable Bond Year, (i) in the calculation for the period from the date of the calculation to and including the fixed maturity date of such obligations, (a) there shall be excluded from the calculation the principal amount of the Guaranteed Obligations, but (b) the interest thereon shall be included in the calculation as a part of the interest as the same becomes due on and before that fixed maturity date, and (ii) for the period after such maturity date there shall be included in the calculation for each Bond Year the maximum amount required to be paid by the County to the Qualified Bank (whether by reason of scheduled payments, payments required to be made at the option or demand of the Qualified Bank or otherwise) pursuant to the Letter of Credit Agreement as if the Letter of Credit had been drawn upon its full amount to pay the Guaranteed Obligations on the fixed maturity date thereof; and

(b) In the case of any calculation made on or after the fixed maturity date of the Guaranteed Obligations, there shall be included in the calculation for each Bond Year the amount required to be paid by the County to the Qualified Bank (whether by reason of scheduled payments, payments required to be made at the option or demand of the Qualified Bank or otherwise) as compensation in accordance with the terms of the Letter of Credit Agreement, if at the time of or prior to the calculation the Letter of Credit shall have been drawn upon wholly or in part to pay the principal of the Guaranteed Obligations, or both the principal thereof and the interest thereon, as the case may be.

“Guaranteed Obligations” means either Senior Guaranteed Obligations or Subordinate Guaranteed Obligations, or both of the foregoing, as the context requires.

“Investment Securities” means:

(a) Bills, certificates of indebtedness, notes, bonds, or similar securities which are direct obligations of, or the principal and interest of which securities are unconditionally guaranteed by, the United States;

(b) If the laws of the State permit any of the following investments to be made at the time the investment is made, any of the following investments:

(i) Interest bearing bank time deposits evidenced by certificates of deposit issued by banks incorporated under the laws of any State or the Federal Government, including the State of Nevada, or any national banking association that are members of the Federal Deposit Insurance Corporation, and interest bearing savings and loan association time deposits evidenced by certificates of deposit issued by savings and loan associations which are members of the Federal Deposit Insurance Corporation, if either (a) the capital and surplus of such bank or savings and loan association is at least equal to \$10,000,000 or (b) such time deposits in any bank or savings and loan association are secured by obligations described in subparagraphs (a) and (if then so permitted by law) (b) (ii) of this definition or by tax-exempt unlimited general obligation bonds of a state or municipal government rated “A” or better by one or more nationally recognized rating agencies, in the aggregate having at all times a market value (exclusive of accrued interest) at least equal to such time deposits so secured, including accrued interest (or by any combination of such securities);

(ii) Bonds, debentures, or notes, or other evidences of indebtedness issued or guaranteed by any of the following agencies; Federal Farm Credit Banks; the Export-Import Bank of the United States; Federal Land Banks; the Federal National Mortgage Association; the Tennessee Valley Authority; the Government National Mortgage Association; the Federal Financing Bank; the Farmers Home Administration; the Federal Home Loan Bank; or any agency or instrumentality of the Federal Government which shall be established for the purposes of acquiring the obligations of any of the foregoing or otherwise providing financing therefor;

(iii) Repurchase agreements or reverse repurchase agreements with banks described in subparagraph (b)(i) of this definition or as otherwise described in the Master Indenture and government bond dealers reporting to and trading with the Federal Reserve Bank of New York, which such agreements are secured by securities which are obligations described in subparagraph (a) of this definition;

(iv) Repurchase agreements or reverse repurchase agreements with banks described in subparagraph (b)(i) of this definition or as otherwise described in the Master Indenture and government bond dealers reporting and trading with the Federal Reserve Bank of New York, which such agreements are secured (if then so permitted by law) by securities which are obligations described in subparagraph (b)(ii) of this definition;

(v) Banker's acceptances endorsed and guaranteed by banks described in subparagraph (b)(i) of this definition or as otherwise described in the Master Indenture which have a capital and surplus of \$25,000,000 or more;

(vi) New housing authority bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an Annual Contributions Contract or Contracts with the Federal Government; or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the Federal Government;

(vii) Any bond or other obligation the interest on which is excluded from gross income under Section 103 of the Tax Code which has a rating in one of the two highest generic rating categories from Moody's or Standard & Poor's;

(viii) Money market funds registered under the Federal Investment Company Act of 1940, as amended, whose shares are registered under the Federal Securities Act of 1933, as amended, and having a rating by Standard & Poor's of AAAm-G, AAAm, or AAm and if rated by Moody's, rated Aaa, Aa1 or Aa2; and

(ix) Any other security or account in which the Treasurer of, or any municipality corporation in, the State is from time to time authorized to invest public funds.

"Letter of Credit" means an irrevocable and unconditional letter of credit issued to the Trustee by a Qualified Bank which is issued to secure payment of Guaranteed Obligations on their maturity date or is used to fund all or a portion of the Debt Service Reserve Fund created by the Master Indenture.

"Letter of Credit Agreement" means the agreement between the County and the Qualified Bank pursuant to which the Qualified Bank agrees to issue a Letter of Credit and which sets forth the repayment obligation of the County to the Qualified Bank on account of any draw under the Letter of Credit, which agreement shall be authorized by the County in the Series Indenture which also authorizes the issuance of the Guaranteed Obligations or the funding of all or a part of the Debt Service Reserve Fund created by the Master Indenture with a Letter of Credit.

"Moody's" means Moody's Investors Service, Inc. or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency (other than Standard & Poor's) as may be designated in writing by the County and, with respect to any particular series of Revenue Bonds, approved in writing by any bond insurer insuring payment of principal of and interest on such Revenue Bonds.

"Net Rent Lease" means a lease of property or facilities pertaining to the Airport System or Special Facilities entered into by the County pursuant to which the lessee or licensee agrees to pay to the County rentals during the term thereof, and to pay in addition all operations and maintenance expenses pertaining to the leased facilities, including, without limitation, maintenance costs, insurance and all property taxes and assessments now or hereafter lawfully levied, commonly known in the real estate business as a "100% net rental lease."

"Net Revenues" means the Gross Revenues remaining after the deduction of the Operation and Maintenance Expenses of the Airport System.

"Operation and Maintenance Expenses" means all reasonable and necessary current expenses of the County, paid or accrued, of operating, maintaining and repairing the Airport System, including, without limitation, overhead expenses relating to the administration, operation and maintenance of the Airport System; insurance and

fidelity bond premiums; payments to pension and certain other funds and to any self-insurance fund not in excess of premiums which would otherwise be required for such insurance; any general and excise taxes or other governmental charges; the reasonable charges of paying agents and depository banks; costs of contractual and professional services, labor, materials and supplies for current operations; cost of issuance of securities relating to the Airport System (except to the extent paid from securities proceeds); fiduciary costs; cost of collecting and refunding Gross Revenues; utility costs; any lawful refunds of any Gross Revenues; and all other administrative, general and commercial expenses, but excluding: (a) any allowance for depreciation; (b) costs of improvements; (c) reserves for major capital replacements, Airport System operations, maintenance or repair; (d) any allowance for redemption of or payment of interest or premium on securities; (e) any liabilities incurred in acquiring or improving properties of the Airport System; (f) expenses of lessees or licensees under Net Rent Leases; (g) Operation and Maintenance Expenses pertaining to Special Facilities; and (h) liabilities based upon the County's negligence or other ground not based on contract.

"Other Available Funds" means, with respect to the Master Indenture, for any Fiscal Year, the smallest amount of unencumbered funds at any time in the Fiscal Year on deposit in the Capital Fund in excess of the Minimum Capital Reserve; but in no event shall such amount exceed 25% of the Aggregate Debt Service Requirements for the Senior Lien Revenue Securities then Outstanding for the Comparable Bond Year.

"Outstanding" when used with reference to any Revenue Bonds or any other designated Revenue Securities and as of any particular date means all the Revenue Bonds or any such other Revenue Securities payable from Gross Revenues or otherwise pertaining to the Airport System, as the case may be, in any manner theretofore and thereupon being executed and delivered: except (a) any Revenue Bond or other Revenue Security canceled by the County, by the Paying Agent or otherwise on the County's behalf, at or before such date; (b) any Revenue Bond or other Revenue Security for the payment or the redemption of which moneys at least equal to its Bond Requirements to the date of its maturity or any Redemption Date, whichever date is earlier, if any, shall have theretofore been deposited with a Trust Bank in escrow or in trust for that purpose, as provided in the Master Indenture; and (c) any Revenue Bond or other Revenue Security in lieu of or in substitution for which another Revenue Bond or other Revenue Security shall have been executed and delivered pursuant to the Master Indenture.

"Paying Agent" means The Bank of New York Mellon Trust Company, N.A., or any successor Commercial Bank which may be appointed from time to time as paying agent for Revenue Securities.

"Person" means a corporation, firm, other body corporate (including, without limitation, the federal government, the State, or any other body corporate and politic other than the County) partnership, association or individual, and also includes an executor, administrator, trustee, receiver or other representative appointed according to laws.

"Project" means any Additional Project comprised of the enlargement, other improvement and equipment of the Airport System, including, without limitation, the acquisition of land therefor, or any combination thereof, as the Improvement Project or any other project may be modified pursuant to the Master Indenture, in the absence of the defined term expressly including both an Improvement Project and a Refunding Project as to any series of Revenue Bonds or other Revenue Securities as stated in the proceedings pertaining thereto.

"Qualified Bank" means a Commercial Bank organized and in good standing under the laws of the United States or any state thereof, and, insofar as the Letter of Credit of such bank secures the payment of Senior Guaranteed Obligations, whose most recent debt obligations are rated by Moody's or by Standard & Poor's at least one full rating category above the rating on any Senior Lien Revenue Bonds which are not Guaranteed Obligations and which are then Outstanding, but not less than "A" by either agency.

"Qualified Surety Bond" means any surety bond or other insurance policy, which has liquidity features equivalent to a Letter of Credit, or any Letter of Credit deposited in the Debt Service Reserve Fund in lieu of or in partial substitution for monies on deposit therein, the issuer of which is rated in the highest rating category by each Rating Agency.

"Qualified Swap" means any financial arrangement which, in connection with a particular series of Revenue Bonds, has been approved in writing by any bond insurer insuring payment of principal of and interest on

such series of Revenue Bonds (i) that is entered into by the County with an entity that is a Qualified Swap Provider at the time the arrangement is entered into; (ii) which provides that the County shall pay to such entity an amount based on the interest accruing at a fixed rate on an amount equal to the designated principal amount of Revenue Bonds Outstanding as described therein, and that such entity shall pay to the County an amount based on the interest accruing on such principal amount at a variable rate of interest computed according to a formula set forth in such arrangement (which need not be the same as the actual rate of interest borne by such Revenue Bonds) or that one shall pay to the other any net amount due under such arrangement; and (iii) which has been designated in writing to the Trustee by the County as a Qualified Swap with respect to such Revenue Bonds.

“Qualified Swap Provider” means with respect to a Qualified Swap, a financial institution whose senior long term debt obligations, or whose obligations under a Qualified Swap are guaranteed by a financial institution whose senior long term debt obligations, are rated (at the time the subject Qualified Swap is entered into) at least A3, in the case of Moody’s and A-, in the case of Standard & Poor’s, or the equivalent thereto in the case of any successor thereto, and which is approved in writing by any bond insurer insuring payment of principal of and interest on the series of Revenue Bonds to which such Qualified Swap relates.

“Registrar” means The Bank of New York Mellon Trust Company, N.A., or any successor Commercial Bank which may be appointed from time to time as registrar.

“Reserve Requirement” with respect to: (a) 2005A and 2008E Senior Lien Revenue Bonds, means, as of the date of calculation, the Aggregate Debt Service Requirements with respect to such Series as computed for the Bond Year in which such sum is the largest; and (b) each Series of Senior Lien Revenue Bonds issued after the 2008E Senior Lien Revenue Bonds, shall have the meaning set forth in the related Series Indenture, except as the County may elect to secure any such additional Series of Senior Lien Revenue Bonds with the Debt Service Reserve Fund jointly with the 2005A and 2008E Senior Lien Revenue Bonds, so long as the Reserve Requirement for such Series is equal to the Aggregate Debt Service Requirements as computed for the Bond Year in which such sum is the largest.

“Revenue Bonds” (defined as “Bonds” in the Master Indenture) means any bond or bonds issued in accordance with the provisions of the Master Indenture which are payable from the Net Revenues of the Airport System and which payment is secured by a pledge of and lien on the Net Revenues. The term “Revenue Bonds” does not include any special obligation bonds or other special obligation securities designated as Special Facilities Bonds and pertaining to Special Facilities, and such term does not include any Subordinate Revenue Bonds unless the context of the provisions in which the term “Revenue Bonds” is used clearly indicates that term pertains to Subordinate Revenue Bonds. In connection with Revenue Bonds of a series with respect to which a Qualified Swap is in effect or proposed to be in effect, the term “Revenue Bonds” includes, collectively, both such Revenue Bonds and either such Qualified Swap or the obligations of the County under such Qualified Swap, as the context requires, but the Qualified Swap Provider shall not be considered to be an owner of Revenue Bonds for purposes of receiving notices, granting consents or approvals, or directing or controlling any actions, restrictions, rights, remedies or waivers under the Master Indenture, except as expressly provided in the Master Indenture.

“Revenue Securities” (defined as “Securities” in the Master Indenture) means any bond or bonds, note or notes, warrant or warrants, or other similar securities or any book entry obligations, or any certificates whether pertaining to such securities or not or to other securities, authorized by law to be issued by the County in relation to the Airport System and issued in accordance with the Master Indenture which securities are payable from the Net Revenues of the Airport System and which payment is secured by a pledge of and lien on the Net Revenues.

“Securities Depository” means The Depository Trust Company, New York, New York, and its successors and assigns, or any additional or other securities depository designated in a Series Indenture, or: (i) if the then Securities Depository resigns from its functions as depository of the Bonds; or (ii) if the County discontinues use of the Securities Depository pursuant to the Master Indenture, then any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the Bonds and which is selected by the County with the consent of the Trustee.

“Senior Lien Revenue Bonds” or “Senior Lien Revenue Securities” (defined as “Parity Bonds” and “Parity Securities” in the Master Indenture) refer to the 2005A Bonds and any other securities or bonds pertaining to the

Airport System and payable from Net Revenues on a parity with such Revenue Bonds, including the obligations payable to a Qualified Bank under a Letter of Credit Agreement and in connection with Revenue Bonds or other Revenue Securities with respect to which a Qualified Swap is in effect or proposed to be in effect, the terms “Senior Lien Revenue Bonds” and “Senior Lien Revenue Securities” includes, collectively, both such Revenue Bonds and either such Qualified Swap or the obligations of the County under such Qualified Swap, as the context requires, except as otherwise provided in the Master Indenture.

“Senior Guaranteed Obligations” means one or more Senior Term Securities of any series becoming due on one fixed maturity date, the payment of which Senior Lien Revenue Securities is additionally secured by a Letter of Credit issued by a Qualified Bank pursuant to a Letter of Credit Agreement.

“Serial Senior Lien Revenue Bonds” or “Serial Senior Lien Revenue Securities” means the Revenue Bonds or other Revenue Securities of any series which are stated to mature in consecutive annual installments.

“Series Indenture” means a supplemental instrument providing for the issuance of any particular Series of Bonds or other Securities.

“Sinking Fund Requirements” means, with respect to the Term Bonds or Term Securities for any series other than Guaranteed Obligations and for any Fiscal Year, the amount to be accumulated in the Fiscal Year in the Sinking Fund Account for the payment for the principal amount fixed or computed for the Comparable Bond Year for the retirement of such Term Bonds or Term Securities by purchase, either upon the open market or by calls for tenders for purchase by the County, or by both such types of purchase, or by prior redemption, or by both such purchase and such prior redemption, as follows. The Sinking Fund Requirements for the Term Bonds or Term Securities of each series for each Fiscal Year in which the Sinking Fund Requirements are accumulated in the Sinking Fund Account for payment of Term Bonds or Term Securities are initially the respective principal amounts of the Term Bonds or Term Securities to be redeemed on July 1 of the Comparable Bond Year as fixed in the Series Indenture for such series, or otherwise so retired by purchase not later than 45 days prior to that due date. The aggregate amount of the Sinking Fund Requirements payable for the Term Bonds or Term Securities of each series shall be equal to the aggregate principal amount of the Term Bonds or Term Securities of the series then Outstanding. The Sinking Fund Requirements for the Term Bonds or Term Securities of the same maturity of each series are accumulated by substantially equal monthly deposits in the Sinking Fund Account commencing on the first day of the Fiscal Year which pertains to the Comparable Bond Year on July 1 of which Term Bonds or Term Securities are paid by prior redemption or prior purchase, and ends with the Bond Year which ends one year next preceding the fixed maturity date of each series of such Term Bonds or Term Securities (such final installment being payable on the fixed maturity date). If at the close of any Bond Year the total principal amount of the Term Bonds or Term Securities of any series of the same maturity retired by purchase or prior redemption during the Bond Year shall be greater than the total amount of the Sinking Fund Requirements for such Term Bonds or Term Securities to and including the Bond Year, then the Sinking Fund Requirements for such Term Bonds or Term Securities for all subsequent Bond Years must be reduced by the amount of that excess as determined by the Board. The amount of the reduction in the Sinking Fund Requirements for each subsequent Bond Year shall be as determined by the Board. Once the Board has adjusted the Sinking Fund Requirements for the subsequent Bond Years to reflect the reduction resulting from the excess redemption or purchase in contradistinction to any like excess reduction resulting from an excess redemption or purchase in any of the subsequent Bond Years. If at the close of any Bond Year the total principal amount of the Term Bonds or Term Securities of any series of the same maturity retired by purchase or prior redemption during the Bond Year shall be less than the total amount of the Sinking Fund Requirements for those Term Bonds or Term Securities to and including the Bond Year, then the Sinking Fund Requirement for the Term Bonds or Term Securities expended in the next ensuing Bond Year must be increased by the amount of such deficiency and such event shall be an Event of Default under the Master Indenture. The Board shall, before the first day of each Fiscal Year, recompute, if necessary, the Sinking Fund Requirements for the Comparable Bond Year and all subsequent Bond Years for the Term Bonds or Term Securities of each series then Outstanding. The Sinking Fund Requirements for the Bond Year as recomputed shall continue to be applicable during the Bond Year and no adjustment need be made therein by reason of Term Bonds or Term Securities purchased or called for prior redemption during the Bond Year.

“Special Facilities” means structures, hangars, aircraft overhaul, maintenance or repair shops, heliports, hotels, storage facilities, garages, other facilities, and appurtenances, being a part of or related to the Airport System,

the cost of the construction or other acquisition of which Special Facilities is financed with the proceeds of Special Facilities Bonds.

“Special Facilities Bonds” means the bonds or other securities payable solely from all or a portion of the rentals received pursuant to a Net Rent Lease or Net Rent Leases pertaining to Special Facilities as provided in the Master Indenture.

“Standard & Poor’s” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency (other than Moody’s) as may be designated in writing by the County and approved in writing by any bond insurer insuring payment of principal of and interest on such Revenue Bonds.

“Subordinate Revenue Bonds” or “Subordinate Revenue Securities” (defined as “Subordinate Bond” and “Subordinate Securities” in the Master Indenture) means bonds or other securities pertaining to the Airport System and payable from its Net Revenues subordinate and junior to the lien thereon of the Revenue Bonds and include Swap Termination Payments and any other amounts payable by the County under a Qualified Swap entered into in connection with the proposed issuance of a series of Revenue Bonds in the event that no Revenue Bonds of such series are issued by the date provided in such Qualified Swap.

“Subordinate Guaranteed Obligations” means one or more Subordinate Revenue Securities of any series becoming due on one fixed maturity date, the payment of which Subordinate Revenue Securities is additionally secured by a Letter of Credit issued by a Qualified Bank pursuant to a Letter of Credit Agreement.

“Swap Termination Payment” means an amount payable by the County or a Qualified Swap Provider, in accordance with a Qualified Swap, to compensate the other party to the Qualified Swap for any losses and costs that such other party may incur as a result of the early termination of the obligations, in whole or in part, of the parties under such Qualified Swap. Beginning on the date, if any, that a Swap Termination Payment by the County becomes due and payable, the amount of such Swap Termination Payment shall be taken into account in determining the Debt Service Requirements of the series of Revenue Bonds to which such Qualified Swap relates, except as otherwise specifically provided in the Master Indenture.

“Trustee” means The Bank of New York Mellon Trust Company, N.A., or any successor Commercial Bank which may be appointed from time to time as trustee for Revenue Securities.

“Tax Code” means the Internal Revenue Code of 1986, as amended.

“Term Bonds” or “Term Securities” means the Revenue Bonds or Revenue Securities of a series with a fixed maturity date or dates designated as Term Bonds or Term Securities (other than Guaranteed Obligations) in a Series Indenture, but which fixed maturity date or dates do not constitute consecutive annual installments.

“Treasurer” means the de jure or de facto county treasurer of the County, or his successor in functions, if any.

MASTER INDENTURE

Revenue Pledge

Pursuant to the Master Indenture, the County has irrevocably pledged the Net Revenues of the Airport System to the payment of the Senior Lien Revenue Bonds. The facilities comprising the Airport System, however have not been pledged to secure payment of the Senior Lien Revenue Bonds. The Senior Lien Revenue Bonds are also secured by a pledge of all funds and accounts held under the Master Indenture, subject to the provisions of the Master Indenture permitting disbursements of such amounts at the times and in the manner described therein.

The Senior Lien Revenue Bonds and other Revenue Securities are special obligations of the County payable solely from Net Revenues generated by the Airport System. The Senior Lien Revenue Bonds and other Revenue Securities do not constitute a debt of the County within the meaning of any Constitutional or statutory provision or limitation, or a pledge of the full faith, credit and taxing power of the County.

The Master Indenture creates a special fund designated the Revenue Fund, to which the County is required to set aside and credit all Gross Revenues of the Airport System upon receipt thereof by the County. The Master Indenture requires that moneys or deposits in the Revenue Fund be applied solely in accordance with the order of priorities established by the Master Indenture. The first such priority and charge against the Revenue Fund is the payment of Operation and Maintenance Expenses budgeted and approved pursuant to the Master Indenture, including transfers to the Rebate Accounts established with respect to any series of Revenue Bonds.

Rate Maintenance Covenant

Pursuant to the Master Indenture, the County must at all times fix, charge and collect rentals, rates, fees and other charges for the use of the Airport System, and must revise such as may be necessary or appropriate in order that in each Fiscal Year the Gross Revenues, together with any Other Available Funds, will at all times be at least sufficient:

A. To provide for the payment of Operation and Maintenance Expenses for such Fiscal Year, and

B. To provide for the larger of either:

(i) Subject to the qualification set forth in the next paragraph, the amounts needed for making the required cash deposits in such Fiscal Year to the credit of the Bond Fund, the Debt Service Reserve Fund, the Subordinate Securities Fund, the Working Capital and Contingency Reserve Fund and the Capital Fund, or

(ii) An amount not less than 125% of the Aggregate Debt Service Requirements for the Comparable Bond Year for the Senior Lien Revenue Bonds then Outstanding.

In calculating the amount required to be deposited in the Bond Fund and Subordinate Securities Fund in clause B(i) above, (a) in the case of any Senior Term Securities which constitute Senior Guaranteed Obligations, the amount required to be deposited in the Bond Fund in the Fiscal Year immediately preceding the maturity date of the Senior Guaranteed Obligations shall equal the Senior Guaranteed Obligation Requirements for such Senior Guaranteed Obligations for the Comparable Bond Year, and (b) in the case of any Subordinate Term Securities which constitute Subordinate Guaranteed Obligations, the amount required to be deposited in the Subordinate Securities Fund in the Fiscal Year immediately preceding the maturity date of the Subordinate Guaranteed Obligations shall equal the Guaranteed Obligation Requirements for such Subordinate Guaranteed Obligations for the Comparable Bond Year.

If Gross Revenues in any Fiscal Year, together with any Other Available Funds, are less than the amounts specified above, the County, upon receipt of the annual audit for such Fiscal Year, shall revise its rentals, rates, fees and other charges, its Operation and Maintenance Expenses or the method of operation of the Airport System in order to satisfy as quickly as practicable the foregoing requirements.

If the County complies in good faith with the requirement of the preceding paragraph, it will not constitute an Event of Default pertaining to the County's non-performance of its duties under the Master Indenture if the resulting Gross Revenues, together with any Other Available Funds, are not sufficient to satisfy the Rate Maintenance Covenant. If, however, the County shall fail to comply in good faith with such requirements, the Trustee may, and upon the request of the owners of not less than 10% in aggregate principal amount of the Senior Lien Revenue Bonds of any series then Outstanding and upon being indemnified to its satisfaction, is required to institute and prosecute in a court of competent jurisdiction an appropriate action to compel the County to satisfy such requirements. The County has covenanted that it will adopt and charge rentals, rates, fees and charges and

revise its Operation and Maintenance Expenses or the method of operation of the Airport System in compliance with any final order, decree or judgment entered in any such proceeding or any modification thereof.

Application of Revenues

In addition to the Revenue Fund and the Operation and Maintenance Fund (including the Rebate Accounts of the Operation and Maintenance Fund), which will be held by the County, the Master Indenture creates the following additional funds and accounts held by the County or the Trustee, as the case may be:

<i>Fund or Account</i>	<i>Held By:</i>
Bond Fund	Trustee
Interest Account	
Principal Account	
Sinking Fund Account	
Redemption Account	
Debt Service Reserve Fund	Trustee
Subordinate Securities Fund	County
Working Capital and Contingency Reserve Fund	County
Capital Fund	County
Construction Fund	County
Capitalized Interest Account	Trustee

After making the payments each month required to be credited to the Operation and Maintenance Fund, moneys in the Revenue Fund are required to be transferred and credited to the following funds and accounts at the following times and in the following order of priority:

(i) Monthly, to the Interest Account of the Bond Fund, an amount, together with other moneys available therefor from whatever source, including moneys in the Capitalized Interest Account set aside for such payment, equal to 1/6 of the next maturing interest installments on the Senior Lien Revenue Bonds then Outstanding, including any amounts due and payable by the County to a Qualified Swap Provider under the related Qualified Swap at such times as are provided in the Qualified Swap;

(ii) Monthly, to the Principal Account of the Bond Fund, an amount equal to 1/12 of the next maturing principal on the Serial Senior Lien Revenue Bonds the Outstanding;

(iii) Monthly, to the Sinking Fund Account of the Bond Fund, an amount equal to 1/12 of the next Sinking Fund Requirement for the Comparable Bond Year for the Term Bonds then Outstanding;

(iv) Monthly, to the Debt Service Reserve Fund, an amount which, if made as one of 60 equal monthly installments, is sufficient to make the sum of the amount on deposit in the Debt Service Reserve Fund plus the available amount of any Qualified Surety Bonds on deposit therein equal to the Reserve Requirements for the then Outstanding Senior Lien Revenue Bonds; provided that if any moneys are withdrawn from the Debt Service Reserve Fund (other than any amounts the withdrawal of which does not reduce the reserve to an amount less than the Reserve Requirements) or if payment is made under any Qualified Surety Bond in the Debt Service Reserve Fund to pay the Securities Requirements of any Senior Lien Revenue Securities, the amount so withdrawn, except to the extent any such Qualified Surety Bond is reinstated as may be provided therein or in connection therewith, is to be restored therein from Net Revenues available therefor over a 60 month period.

(v) Monthly, to the Subordinate Securities Fund, an amount which is required to provide for the payment of the principal of and interest due on Subordinate Revenue Securities as the same become due, including any reasonable reserves for such securities;

(vi) Monthly, to the Working Capital and Contingency Reserve Fund, an amount equal to 1/12 of 8.333% of the amount designated in the annual Airport System budget then in effect as the annual Operation and Maintenance Expenses for the current Fiscal Year (the "Minimum Working Capital Reserve"), less

any money available in such Fund. If the Board, after consultation with the Airport Management Consultant, determines at any time that the aforesaid percentage provides insufficient or excessive revenues for the purpose for which the Working Capital and Contingency Reserve Fund is established, the Assistant Director of the Airport is to adjust the percentage referred to above as directed by the Board but in no event is such percentage to be reduced below 8.333%. No payment need be made into the Working Capital and Contingency Reserve Fund so long as the moneys therein shall then equal not less than the Minimum Working Capital Reserve. The moneys in the Working Capital and Contingency Reserve Fund are to be accumulated or reaccumulated and maintained as a continuing reserve to be used only to prevent deficiencies in the payment of the Operation and Maintenance Expenses resulting from the failure to deposit into the Operation and Maintenance Fund sufficient funds to pay such expenses as the same accrue and become due. If at any time the moneys credited to the Operation and Maintenance Fund are insufficient to pay Operation and Maintenance Expenses, the County acting by and through the Assistance Director may withdraw such moneys from the Working Capital and Contingency Reserve Fund and transfer them to the credit of the Operation and Maintenance Fund. Any moneys in the Working Capital and Contingency Reserve Fund exceeding the Minimum Working Capital Reserve is to be transferred to the Revenue Fund. In November 1987, by resolution, the Board increased the Minimum Working Capital Reserve to 16.666% of annual Operation and Maintenance Expenses. The Board retains discretion to reduce the Minimum Working Capital Reserve to 8.333% at any time; and

(vii) To the Capital Fund, from any remaining moneys in the Revenue Fund, (i) equal monthly installments or such greater amounts as required to provide for the payment of the principal of, premium, if any, and interest on any General Obligation Securities, except to the extent the County appropriates other funds therefor, during such Fiscal Year or Comparable Bond Year (the "General Obligation Requirements") and (ii) not less infrequently than annually by the end of each Fiscal Year an amount, but in any event not more than \$100,000, necessary to accumulate or to reaccumulate in the Capital Fund a reserve in an amount of not less than \$1,000,000 (the "Minimum Capital Reserve"). No payment need be made into the Capital Fund during any Fiscal Year so long as the moneys therein shall equal not less than the sum of the Minimum Capital Reserve plus the General Obligation Requirements for such Fiscal Year. In November 1987, by resolution, the Board increased the Minimum Capital Reserve from \$1,000,000 to \$5,000,000 and made a one-time deposit into the Capital Fund in an amount equal, together with moneys on deposit therein, to \$5,000,000. The Board retains discretion to reduce the Minimum Capital Reserve to \$1,000,000 at any time.

Moneys in the Capital Fund may be withdrawn in any priority for any one, all, or any combination of the following purposes, as the Board may from time to time determine:

A. Payment of General Obligation Securities. To pay the Securities Requirements of any General Obligation Securities;

B. Capital Costs. To pay the costs of constructing or otherwise acquiring any betterments of, enlargements of, extensions of or any other improvements at the Airport System, or any part thereof, authorized by law;

C. Maintenance Costs. To pay costs of extraordinary and major repairs, renewals, replacements or maintenance items pertaining to any properties of the Airport System of a type not recurring annually or at shorter intervals and not defrayed as Operation and Maintenance Expenses; and

D. Securities Requirements. To pay any securities payable from the Net Revenues, if such payment is necessary to prevent any default in the payment of such Revenue Securities, or otherwise.

If any monthly payment required to be made into any fund or account set forth above is deficient, the County is required to include the amount of such deficiency in the next monthly deposit into such fund or account.

At the end of any Fiscal Year or whenever in any Fiscal Year there shall have been credited to the above funds and accounts all amounts required to be deposited in those funds or accounts for all of that Fiscal Year and in satisfaction of any deficiencies in any prior Fiscal Year, any remaining Net Revenues in the Revenue Fund may be used for any lawful purposes pertaining to the Airport System, as the Board may from time to time determine.

The Master Indenture requires all interest earned or profit or loss realized on investments or deposits of moneys held for all funds and accounts to be credited or charged to the Revenue Fund, except that such earnings, profits or losses derived from any account in the Construction Fund are to be credited or charged to such fund and any earnings or profits derived from the Debt Service Reserve Fund are to be credited thereto until the amount in such fund shall equal the Reserve Requirements for the Senior Lien Revenue Bonds the Outstanding.

Issuance of Additional Senior Lien Revenue Securities

The Master Indenture permits and, in instances where the County has covenanted to complete a Project, requires the County to issue Senior Lien Revenue Securities payable from the Net Revenues of the Airport System on a parity with the Senior Lien Revenue Bonds for the following purposes:

- (i) paying the cost of completing the Project or any Additional Project for which any series of Senior Lien Revenue Securities has been issued;
- (ii) paying the cost of any Additional Project; and
- (iii) refunding all Outstanding Senior Lien Revenue Bonds or Senior Lien Revenue Securities of one or more series, or one or more Outstanding Senior Lien Revenue Bonds or Senior Lien Revenue Securities of one or more series, or one or more maturities within a series, or refunding any Subordinate Revenue Securities.

In connection with the issuance of additional series of Senior Lien Revenue Securities, the “cost” of any Project or Additional Project includes, among other items, the costs of surveys or other plans or specifications, builder’s insurance, consultant’s fees, construction contingencies, property acquisition costs, the costs of issuance of such series of Senior Lien Revenue Securities, capitalized interest to a date not exceeding one year following the estimated completion date of the Project and the funding of reserves for the payment of the series of Senior Lien Revenue Securities.

Completion Bonds. The County may issue one or more series of Senior Lien Revenue Bonds or other Senior Lien Revenue Securities (“Completion Bonds”) to pay the cost of completing the Project or any Additional Project.

Prior to the issuance of any series of Completion Bonds, the County is required to have delivered to the Trustee, among other documents:

A. A certificate of the Consulting Engineer approved by the Director stating that the Project or Additional Project (as the case may be) has not materially changed (except as permitted in the Master Indenture) from the description of the Project in the report of the Consulting Engineer or from the description of the Additional Project as described in any Series Indenture relating to the series of Additional Senior Lien Revenue Securities issued to finance the Additional Project, and setting forth the aggregate cost of the Project which, in the opinion of the signer, has been or will be incurred and cannot be paid from the moneys available at the date of the certificate in the account within the Construction Fund applicable to the Project; and stating that, in the opinion of the signer, issuance of the Completion Bonds is necessary to provide funds for completion of the Project; and

B. A certificate of the Director stating that the previous series of Senior Lien Revenue Securities issued in connection with the Project for which the Completion Bonds are being issued were issued to pay all or the balance of the costs of such Project.

Additional Bonds. One or more Series of Additional Bonds, or other Additional Securities, or both such Bonds and such Securities, may be authorized and delivered for the purpose of paying the Cost of any Additional Project. The Bonds or other Securities of any such Series shall be authorized as Senior Lien Revenue Bonds or other Senior Lien Revenue Securities and pursuant to a Series Indenture; but prior to the delivery of such Series of Bonds or other Securities, the County shall file with the Trustee documents including, without limitation, the following:

A. Earnings Test.

(1) A certification of the Director or Assistant Director that the Net Revenues, together with any Other Available Funds received (i) in the last audited Fiscal Year preceding the delivery of the Series of Additional Bonds or other Additional Securities or (ii) for any period of 12 consecutive calendar months out of the 18 calendar months next preceding the delivery of the Series of Additional Bonds or other Additional Securities were at least sufficient to pay amount equal to the larger of either:

(x) The amount needed for making the required cash deposits in the 12-month period to the credit of the several accounts in the Bond Fund and to the credit of the Debt Service Reserve Fund, the Subordinate Securities Fund, the Working Capital and Contingency Reserve Fund, and the Capital Fund, or

(y) An amount not less than 125% of the Aggregate Debt Service Requirements as computed for the Bond Year in which such sum is the largest (calculated for the period beginning on the date of issuance of the proposed Additional Bonds or other Additional Securities and ending on the final maturity date of the then Outstanding Senior Lien Revenue Bonds and the proposed Additional Bonds or other Additional Securities) of the Outstanding Senior Lien Revenue Bonds and the Additional Bonds or other Additional Securities proposed to be issued; or

(2) A certificate of the Airport Management Consultant setting forth for each of the Fiscal Years commencing with the Fiscal Year following the earlier of either (1) the Fiscal Year in which the Consulting Engineer estimates such Additional Project will be completed, or (2) the last Fiscal Year in which there are no Debt Service Requirements for such Additional Bonds, and ending with the Fiscal Year which is five years after that Fiscal Year following the Fiscal Year in which the Consulting Engineer estimates such Additional Project will be completed, estimates of (i) the Gross Revenues and (ii) the Operation and Maintenance Expenses and other amounts required to be deposited in each of the accounts and subaccounts established under the Master Indenture and each Series Indenture supplemental thereto, and demonstrating that the Net Revenues in each such Fiscal Year shall at least equal the larger of either (a) the amounts needed for making the required deposits to the credit of the several subaccounts (other than the Redemption Account) in the Bond Fund, the Debt Service Reserve Fund, the Subordinate Securities Fund, the Working Capital and Contingency Reserve Fund, and the Capital Fund (such required deposits to the Bond Fund and the Subordinate Securities Fund to be adjusted for any Parity Guaranteed Obligations and any Subordinate Guaranteed Obligations, respectively, among other adjustments herein required or permitted in the manner provided by the definition herein of "Guaranteed Obligation Requirements") or (b) an amount not less than 125% of the Aggregate Debt Service Requirements for the Senior Lien Revenue Bonds then outstanding for the Comparable Bond Year for each such Fiscal Year, in each case after giving effect, among other factors, to the completion of the Additional Project or any completed portion thereof, the increase in rates, fees, rentals or other charges (or any combination thereof) under the Rate Maintenance Covenant described above as a result of the completion of such Additional Project or any such completed portion thereof, and the Debt Service Requirements of the Series of Additional Bonds then to be issued and the Debt Service Requirements, as estimated by the Financial Consultant, with respect to any future Series of Additional Bonds which the Director and the Assistant Director shall estimate (based on the estimate of the Consulting Engineer of the Cost of such Additional Project) will be required to complete payment of the Cost of such Additional Project; and

B. Consulting Engineer's Certificate. If paragraph (A)(2) above is used in connection with the issuance of Additional Bonds, a certificate of the Consulting Engineer setting forth (i) the estimated date of completion for the Additional Project for which such Series of Additional Bonds or other Additional Securities is being issued and for any other uncompleted Project for which the Additional Bonds or other Additional Securities are not being issued, and (ii) an estimate of the Cost of such Additional Project and of any other uncompleted Project; and

C. Absence of Default. A certification of the Director and Assistant Director that at the time of the execution and delivery of the supplemental instrument authorizing the Additional Bonds or other Additional Securities, as the case may be, as provided in the Master Indenture, the County shall not have been in default in making any payments required by the Master Indenture.

In any computation described above there shall be excluded from Gross Revenues any surplus Bond or other Security proceeds and any capital gain resulting from any sale or revaluation of investments in Investment Securities or bank deposits, or both such securities and such deposits, or both such securities and such deposits. If any one or more of the documents required by subparagraphs A, B and C above can not be given with the required results stated therein, the County must not issue the proposed Senior Lien Revenue Bonds or any other Senior Lien Revenue Securities. Nothing contained in this paragraph obligates the County to take any action in violation of any applicable requirements imposed by law, as to any increase in any rentals, rates, fees, and other charges, or otherwise.

Refunding Bonds. Prior to the issuance of any series of Senior Lien Revenue Securities (“Refunding Bonds”) to refund one or more series of Senior Lien Revenue Bonds or Senior Lien Revenue Securities or one or more Senior Lien Revenue Bonds or Senior Lien Revenue Securities within a series, or one or more maturities of a series of Senior Lien Revenue Bonds or any series of Senior Lien Revenue Securities, other than for redeeming at their maturity the Term Bonds or Term Securities of a series which mature within one year of such refunding, the County shall have delivered to the Trustee, among other documents, either of the following: (i) a certificate of the Treasurer setting forth (1) the Aggregate Debt Service Requirements for the then current and each future Bond Year to and including the Bond Year ending on the date of the latest maturity of any series of Senior Lien Revenue Bonds or Senior Lien Revenue Securities of any series then Outstanding (a) with respect to the series of Senior Lien Revenue Bonds and Senior Lien Revenue Securities of all series Outstanding immediately prior to the date of delivery of such Refunding Bonds and (b) with respect to the series of Senior Lien Revenue Bonds and Senior Lien Revenue Securities to be Outstanding immediately thereafter, and (2) that the Aggregate Debt Service Requirements set forth for each Bond Year pursuant to (b) above is no greater than that set forth for such Bond Year pursuant to (a) above; or (ii) the certificates required by clauses A through C under “Additional Bonds” above evidencing that such series of Refunding Bonds meets the tests provided for all purposes of such certificate and tests applied as if such series of Refunding Bonds was a series of Additional Bonds. Refunding Bonds of each series issued to refund Subordinate Revenue Securities may be delivered in a principal amount sufficient, together with other moneys available therefor (including investment income thereon), to accomplish such refunding, provided that the County delivers, among other documents, the certificates required by clauses A through C under “Additional Bonds” above if the Subordinate Revenue Securities were originally issued to fund an Additional Project or the certificates required by clauses A and B under “Completion Bonds” above if such Subordinate Revenue Securities were originally issued to fund completion of a Project, such certificates to be prepared as if such series of Refunding Bonds was a series of Additional Bonds or Completion Bonds, as the case may be.

Issuance of Subordinate Revenue Securities and Special Facilities Bonds

The Master Indenture provides that the County may issue junior lien (subordinate) securities. The Master Indenture also includes provisions under which the County may issue Special Facilities Bonds for the purpose of constructing Special Facilities at the Airport for lease on a net rent basis. Any such Special Facilities Bonds shall be payable solely from rentals payable to the County pursuant to such Net Rent Leases, and shall not be a charge or claim against the Revenue Fund or any other account designated in the Master Indenture.

Acquisition of Additional Facilities

The County is not to acquire additional airfields or other independent airport facilities unless, in the written opinion of the Airport Management Consultant, the acquisition, operation and maintenance of such facilities will not materially affect the County’s ability to comply with the Rate Maintenance Covenant described above or unless such facilities are excluded from the Airport Facilities at the option of and by order of the Board.

Security for Deposits; Investments

Until such money is invested pursuant to the last paragraph of this section, all money (not including securities) held by the Trustee may be deposited by the Trustee in demand or time deposits in its banking department or with such other Commercial Banks as may be designated by the County and approved by the Trustee. No such money is to be deposited with any Commercial Bank, other than the Trustee, in an amount exceeding 50% of the amount which an officer of such bank shall certify to the Trustee and to the County as the combined capital and surplus of such bank. No such money is to be deposited or remain on deposit with any Commercial Bank, including the Trustee, in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other Federal agency:

A. unless such bank shall have lodged with the trust department of the Trustee or, with the written approval of the Trustee and of the County, pledged to some other Commercial Bank for the benefit of the County and every owner of any Revenue Securities issued under the Master Indenture, as collateral security for the moneys deposited, Federal Securities or such securities as are provided by law for securing a deposit in a Commercial Bank in the State, having a market value (exclusive of accrued interest) at least equal to 110% of the amount of such moneys; or

B. unless, in lieu of such collateral security as to all or any part of such moneys, there shall have been lodged with the trust department of the Trustee for the benefit of the County and every owner of any Revenue Securities issued under the Master Indenture, and remain in full force and effect as security for such moneys or part thereof, the indemnifying bond or bonds of a surety company or companies qualified as surety for deposits of funds of the United States and qualified to transact business in the state in which such Commercial Bank is located in a sum at least equal to the amount of such moneys or part thereof.

Any money in any account or subaccount designated in the Master Indenture (other than any account for the refunding, payment and/or discharge of the Securities Requirements of any Outstanding Revenue Bonds or other Revenue Securities under the defeasance provisions of the Master Indenture, or otherwise), and not required for immediate disbursement and withdrawal is to be invested or reinvested by the Treasurer or the Trustee at the direction of the Director or Assistant Director by deposit in one or more Commercial Banks or in Investment Securities (and subject to an appropriate statutory amendment, other investment securities) which Investment Securities either shall be subject to redemption at any time at a fixed value by the holder thereof, at the option of the holder, or shall mature from the date of such investment or reinvestment neither later than such times as moneys are needed for payments from the respective accounts and subaccounts, nor (1) in the case of the Debt Service Reserve Fund, (i) later than 10 years from the date of investment (unless redeemable at the holder's option), or (ii) later than the last fixed maturity date of the Senior Lien Revenue Securities, nor (2) in the case of the Construction Fund later than the estimated completion date of the Project, nor (3) in the case of the Working Capital and Contingency Reserve Fund in securities with an average maturity exceeding 2½ years. The Investment Securities so purchased as an investment or reinvestment of moneys in any such account or subaccount shall be deemed at all times to be a part of the account or subaccount held in trust therefor.

Defeasance; Modification of the Master Indenture

When all principal, interest and any prior redemption premiums due in connection with Revenue Securities of any series payable from Pledged Revenues have been duly paid, or provision made therefor in accordance with the Master Indenture, the pledge and lien and all obligations under the Master Indenture shall thereby be discharged and such Revenue Securities shall no longer be deemed to be Outstanding. The County may provide for such payment by placing in escrow or in trust with a Trust Bank an amount sufficient, together with the known minimum yield available therefor from any initial investment in Defeasance Securities, to meet all requirements of principal, interest and any prior redemption premiums due, as the same become due to the final maturity of the Revenue Securities or upon any prior redemption date as of which the County shall have exercised or shall have obligated itself to exercise its prior redemption option by the call of the Revenue Securities for payment.

The Master Indenture may be amended or supplemented by instruments executed and delivered by the Board in accordance with the laws of the State upon the written consent of the holders of 66% in principal amount of all Senior Lien Revenue Bonds then Outstanding (excluding any Senior Lien Revenue Bonds held by the County),

but no instrument shall have the effect of permitting: (1) a change in the maturity or the terms of redemption of any installment of principal, or interest of any Outstanding Senior Lien Revenue Bond; (2) a reduction of the principal, interest rate or prior redemption premium of any Senior Lien Revenue Bond without the consent of the owner of such Senior Lien Revenue Bond; (3) the creation of a lien upon or a pledge of revenues ranking prior to the lien or to the pledge created by the Master Indenture; or (4) a reduction of the principal amount or percentages or otherwise affecting the description of Senior Lien Revenue Bonds or the consent of the owners of which is required for any such modification of or prejudicial effect upon the rights or privileges of the owners of less than all of the Senior Lien Revenue Bonds then Outstanding.

Remedies of Senior Lien Revenue Bondholders

The Master Indenture defines “events of default” as follows: (1) the failure to pay when due the principal of any Senior Lien Revenue Bond, or any prior redemption premium in connection therewith, or any failure to pay installment of interest within 30 days after it is due; (2) the County is rendered incapable of fulfilling its obligations under the Master Indenture; (3) the County fails to perform (or begin the performance of) all acts required of it under any contract relating to the Pledged Revenues, the Airport System or any Special Facilities, continuing 60 days after notice of such failure; (4) the County discontinues, delays or fails to carry out reconstruction or replacement of any part of the Airport System which is destroyed or damaged; (5) an order or decree is entered appointing a receiver for the Airport System or the Pledged Revenues derived therefrom, or if such decree was entered without the consent of the County, it is not vacated, discharged or stayed on appeal within 60 days after entry; (6) the County defaults in the due and punctual performance of any other of the covenants, agreements and provisions contained in any Revenue Securities or in the Master Indenture on its part to be performed, if such default continues for 60 days after written notice specifying such default and requiring the same to be remedied has been given to the County by the owners of 10% in principal amount of the Revenue Securities of any series then Outstanding or by the Trustee of the Revenue Securities; and (7) the County files a petition pertaining to its Airport System and seeking a composition of indebtedness under the Federal Bankruptcy Code, or under any other applicable law or statute of the United States of America or the State. In the event of any default, the Trustee may proceed, and if the owners of not less than 10% in principal amount of any series of Senior Lien Revenue Securities then Outstanding so request, then the Trustee is to proceed, against the County to protect and enforce the rights of the owners of the Senior Lien Revenue Bonds under the Master Indenture by suit, action or special proceedings in equity or at law either for the appointment of a receiver or for the specific performance of any covenant or agreement contained in, or by an award of execution of any power granted in, the Master Indenture or for the enforcement of any proper legal or equitable remedy as such bondholders may deem most effectual to protect and enforce such rights.

Force Majeure

The Trustee shall not be considered in breach of or default in its obligations with respect to any obligations created under the Master Indenture or progress in respect thereto, in the event of enforced delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including but not limited to: acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other like occurrences beyond the control of the Trustee; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE 2012 PFC SERIES B INDENTURE

The following statements are summaries of certain provisions of the 2012 PFC Series B Indenture but are in addition and complementary to the summaries found under the caption “SECURITY FOR THE 2012B PFC BONDS.”

DEFINITIONS

Unless the context otherwise requires, the terms defined under this caption will, for all purposes of this Official Statement, have the meanings herein specified. All defined terms used herein and not otherwise defined herein shall have the respective meanings given to such terms in the 2012 PFC Series B Indenture.

“2004A Bonds” means the securities designated as the “Clark County, Nevada, Adjustable Rate Airport System Subordinate Lien Revenue Bonds, Series 2004A-1 and Series 2004A-2.”

“2012B PFC Refunding” means the undertaking to refund, pay and discharge the Refunded Bonds.

“Annual Principal and Interest Requirements” means the sum of the principal of and interest on the Outstanding 2012B PFC Bonds and any other Outstanding Parity PFC Bonds to be paid during any Bond Year, but excluding any reserve requirements to secure such payments unless otherwise expressly provided, but if any such other securities bear interest at a variable rate of interest, then except as may be provided with respect to an interest rate swap agreement, the interest rate used in the foregoing determination shall be the Bond Buyer Revenue Bond Index. In calculating this amount, the principal amount of securities required to be redeemed prior to maturity pursuant to a mandatory redemption schedule contained in the instrument authorizing the issuance of such securities shall be treated as maturing in the Bond Year in which such securities are so required to be redeemed, rather than in the Bond Year in which the stated maturity of such securities occurs.

“Authorized Denominations” means \$5,000 or any integral multiple thereof.

“Bond Buyer Revenue Bond Index” means the Bond Buyer Revenue Bond Index, published in the Bond Buyer within two weeks prior to the date of sale of variable interest rate securities if a calculation of the Bond Requirements or the Annual Principal and Interest Requirements is being made for purposes of that sale, or within two weeks prior to the date a calculation of the Bond Requirements or Annual Principal and Interest Requirements is made for any other purpose, but neither greater than any maximum interest rate pertaining to the variable interest rate securities nor less than any minimum interest rate pertaining to such variable interest rate securities. If such index is not published, the County shall endeavor to select a similar index of 30 year tax exempt revenue bonds or an index which the County determines is as similar thereto as is then available. The County’s determination shall be conclusive.

“Bond Requirements” means the principal of, any prior redemption premiums due in connection with, and the interest on the 2012B PFC Bonds, the 2002 PFC Bonds, the 2007 PFC Bonds, the 2008 PFC Bonds, the 2010A PFC Bonds, the 2010F PFC Bonds and any additional bonds or other additional securities payable from PFC Revenues and hereafter issued, or such part of such securities or such other securities relating to the Airport as may be designated, as such principal, premiums and interest become due at maturity or on a redemption date designated in a mandatory redemption schedule, in a notice of prior redemption, or otherwise, but if any such bonds or other securities (including the 2012B PFC Bonds) bear or are to bear interest at a variable rate of interest, then except as may be provided with respect to an interest rate swap agreement, the interest rate used in the foregoing determination shall be the Bond Buyer Revenue Bond Index. In calculating the Bond Requirements, the principal amount of bonds or other securities (including the 2012B PFC Bonds) required to be redeemed prior to maturity pursuant to a mandatory redemption schedule contained in the instrument authorizing the issuance of such bonds or other securities shall be treated as maturing in the Bond Year in which such securities are so required to be redeemed, rather than in the Bond Year in which the stated maturity of such bonds or other securities occurs.

“Business Day” means any day other than (i) a Saturday or Sunday, or (ii) a day on which banks located in the city or cities in which the Principal Office of the Trustee are located are authorized or required to remain closed.

“Certificate of the County Chief Financial Officer” means the certificate signed by the Chief Financial Officer of the County relating to the 2012B PFC Bonds dated on or before the date of delivery of the 2012B PFC Bonds.

“Commercial Bank” means a state or national bank or trust company which is a member of the Federal Deposit Insurance Corporation, which has a capital and surplus of \$25,000,000 or more and which is located within the United States; and such term includes, without limitation, any “Trust Bank” as herein defined.

“Cost of the 2012B PFC Refunding” or any phrase of similar import, means all or any part of the cost of the 2012B PFC Refunding, which cost, at the option of the County (except as limited by law), may include all or any part of the incidental costs pertaining to the 2012B PFC Refunding.

“Interest Payment Date” means each January 1 and July 1, commencing July 1, 2013, provided, that if the date for making any payment as provided in the 2012 PFC Series B Indenture shall not be a Business Day, such payment may be made on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in the 2012 PFC Series B Indenture, and no interest shall accrue for the period after such nominal date.

“Other Available Funds” means “Other Available Funds” as defined in the Master Indenture, except that for purposes of the 2012 PFC Series B Indenture the maximum amount of Other Available Funds taken into account shall be an amount equal to the sum of (i) 25% of the Aggregate Debt Service Payments for the Senior Lien Revenue Bonds then Outstanding for the Comparable Bond Year, plus (ii) 10% of the Bond Requirements of the Parity PFC Bonds and any other Subordinate Securities (other than Subordinate Securities having a lien on Net Revenues subordinate and junior to the lien thereon of the 2012B PFC Bonds) then Outstanding for the Comparable Bond Year.

“Parity PFC Bonds” means bonds or securities which have a lien on PFC Revenues that is on a parity with the lien thereon of the 2012B PFC Bonds, including without limitation the 2002 PFC Bonds, the 2007 PFC Bonds, the 2008 PFC Bonds, the 2010A PFC Bonds and the 2010F PFC Bonds.

“PFC Act” means the Aviation Safety and Capacity Expansion Act of 1990, Pub. L. 101-508, Title IX, Subtitle B, Sections 9110 and 9111, as amended from time to time.

“PFC Regulations” means Part 158 of the Federal Aviation Regulations (14 CFR Part 158), as amended from time to time, and any other regulation issued with respect to the PFC Act.

“PFC Revenues” means all income and revenue received by or required to be remitted to the County from the \$4.50 passenger facility charge (but not from any future increase in such charge) per qualifying enplaned passenger imposed by the County pursuant to the PFC Act, the PFC Regulations, County Ordinance No. 1382 adopted on May 5, 1992, Ordinance No. 3483 adopted on January 2, 2007 and Ordinance No. 3505 adopted on April 3, 2007, including any interest earned after such charges have been remitted to the County as provided in the PFC Regulations, all of which may be pledged to the 2012B PFC Bonds pursuant to the PFC Act and PFC Regulations Section 158.13; provided, that for certain purposes of the 2012 PFC Series B Indenture, the term “PFC Revenues” also includes any interest or other gain in any of the accounts designated in the 2012 PFC Series B Indenture resulting from any investments and reinvestments of the proceeds of the 2012B PFC Bonds or the proceeds of any other bonds or securities payable from PFC Revenues. PFC Revenues means all or a portion of the PFC Revenues. The designated term indicates sources of revenues and does not necessarily indicate all or any portion or other part of such revenues in the absence of further qualification.

“Principal Office” of the Trustee means 400 South Hope Street, Suite 400, Los Angeles, California 90071, Attention: Lisa Infusino, Vice President, or such other address as the Trustee may designate in writing by the County.

“Purchasers” means, collectively, Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, RBC Capital Markets, LLC and Siebert Brandford Shank & Co., L.L.C., as the initial purchasers of the 2012B PFC Bonds.

“Refunded Bonds” means the Outstanding Clark County, Nevada, Las Vegas-McCarran International Airport Passenger Facility Charge Refunding Revenue Bonds, 1998 Series A.

“Second Lien Subordinate Securities” means the 2004A Bonds, all other Subordinate Securities having a lien on the Net Revenues of the Airport System on a parity with the lien thereon of the 2004A Bonds, the Parity PFC Bonds and any other payments under any interest rate swap agreements executed by the County which by the terms thereof are secured by Net Revenues of the Airport System on a parity with the 2004A Bonds and such other Subordinate Securities, and any other additional Subordinate Securities hereafter issued with a lien thereon on a parity with the lien thereon of the 2004A Bonds and such other Subordinate Securities.

“Tax Code” means the Internal Revenue Code of 1986, as amended to the date of issuance of the 2012B PFC Bonds.

“Trust Bank” means a Commercial Bank authorized to exercise and is exercising trust powers, and also means any branch of the Federal Reserve Bank.

SERIES INDENTURE

Set forth below is a summary of certain provisions of the 2012 PFC Series B Indenture. All capitalized terms used under this caption and not otherwise defined herein have the respective meanings given to such terms in the 2012 PFC Series B Indenture.

Obligation of County

Bonds Equally Secured. The covenants and agreements set forth in the 2012 PFC Series B Indenture to be performed on behalf of the County will be for the equal benefit, protection and security of the Owners of any and all of the Outstanding 2012B PFC Bonds, all of which, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the 2012B PFC Bonds over any other thereof except as otherwise expressly provided in or pursuant to the 2012 PFC Series B Indenture.

No Pledge of Property. The payment of the 2012B PFC Bonds is not secured by an encumbrance, mortgage or other pledge of property of the County, except the proceeds of the PFC Revenues, the Net Revenues and any other moneys pledged for the payment of the 2012B PFC Bonds. No property of the County, subject to such exceptions, shall be liable to be forfeited or taken in payment of the 2012B PFC Bonds.

No Recourse Against Officers and Agents. No recourse shall be had for the payment of the Bond Requirements of the 2012B PFC Bonds or for any claim based thereon or otherwise upon the 2012 PFC Series B Indenture authorizing their issuance or any other instrument relating thereto, against any individual member of the County or any officer or other agent of the County, past, present or future, either directly or indirectly through the County or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any penalty or otherwise, all such liability, if any, being by the acceptance of the 2012B PFC Bonds and as a part of the consideration of their issuance specially waived and released.

Revenue Pledge

PFC Revenues and all moneys and securities paid or held under the 2012 PFC Series B Indenture are pledged to secure the payment of the Bond Requirements of the 2012B PFC Bonds, subject only to the application of moneys for the purposes and on the terms and conditions of the 2012 PFC Series B Indenture. The 2012B PFC Bonds also constitute Subordinate Securities, the payment of which is secured by and is payable from the Net Revenues of the Airport System subordinate and junior to the lien thereon of the Senior Lien Revenue Securities now or hereafter outstanding. Such subordinate lien on the Net Revenues is on a parity with the lien thereon of the Second Lien Subordinate Securities.

The facilities comprising the Airport System have not been pledged to secure payment of the 2012B PFC Bonds.

Registration, Transfer and Exchange of Bonds

Except as otherwise described in “APPENDIX E -- DTC AND BOOK-ENTRY ONLY SYSTEM”:

Registration and Transfer. Records for the registration and transfer of the 2012B PFC Bonds will be kept by the Registrar. Upon the surrender for transfer of any 2012B PFC Bond at the Registrar, duly endorsed for transfer or accompanied by an assignment in form satisfactory to the Registrar duly executed by the registered Owner or its attorney duly authorized in writing, the Registrar is to authenticate and deliver in the name of the transferee or transferees a new 2012B PFC Bond or 2012B PFC Bonds of a like aggregate principal amount and of the same Series and maturity bearing a number or numbers not previously assigned to 2012B PFC Bonds. 2012B PFC Bonds may be exchanged at the office of the Registrar for an equal aggregate principal amount of 2012B PFC Bonds of the same Series and maturity of other Authorized Denominations. The Registrar is to authenticate and deliver the 2012B PFC Bond or 2012B PFC Bonds which the registered Owner making the exchange is entitled to receive, bearing a number or numbers not previously assigned to 2012B PFC Bonds. The Registrar will require the payment by the Owner of any 2012B PFC Bond requesting exchange or transfer, of any tax or other governmental charge required to be paid with respect to such exchange or transfer and of the cost of preparing (excluding printing) and authenticating a new 2012B PFC Bond or 2012B PFC Bonds.

Limitations upon Registration. The Registrar will not be required to transfer or exchange (1) any 2012B PFC Bond during a period beginning at the opening of business 15 days before the day of the mailing by the Registrar of any notice of prior redemption of 2012B PFC Bonds and ending at the close of business on the day of mailing or (2) any 2012B PFC Bond after the mailing of the official notice of redemption calling such 2012B PFC Bond, or any portion thereof, for redemption as provided in the 2012 PFC Series B Indenture.

Effect of Registration. The Person in whose name any 2012B PFC Bond shall be registered in the registration records kept by the Registrar will be deemed and regarded as the absolute owner thereof for the purpose of making payment thereof and for all other purposes; and payment of or on account of either principal or interest on any 2012B PFC Bond will be made only to or upon the written order of the registered Owner thereof or its legal representative, but such registration may be changed upon transfer of such 2012B PFC Bond in the manner and subject to the conditions and limitations provided herein. All such payments will be valid and effectual to discharge the liability upon such 2012B PFC Bond to the extent of the sum or sums so paid

General Administration

Places and Times of Deposits. Each of the special accounts designated in the 2012 PFC Series B Indenture will be maintained as a book account and kept separate from all other accounts as a trust account solely for the purposes designated therefor in the 2012 PFC Series B Indenture with the Treasurer in connection with the Income Fund, the Capital Fund and the Rebate Fund and with the Trustee in connection with the Bond Fund. The moneys accounted for in such special book accounts will be deposited in one bank account or more in a Commercial Bank or Commercial Banks; but the moneys held by the Trustee will not be combined with any moneys held by the County Treasurer. Each bank account will be continuously secured to the fullest extent required or permitted by the laws of the State for the securing of public funds and will be irrevocable and not withdrawable by anyone for any purpose other than the respective designated purposes. Each periodic payment will be credited to the proper book account not later than the date therefor designated in the 2012 PFC Series B Indenture, except that when any such date shall be a Saturday, a Sunday or a legal holiday, then the payment will be made on or before the next preceding secular day. Notwithstanding any other provision in the 2012 PFC Series B Indenture to the contrary, moneys sufficient to pay the Bond Requirements then coming due on the Outstanding 2012B PFC Bonds will be deposited with the Paying Agent at least on the day of each interest payment date designated in the 2012 PFC Series B Indenture and, in any event, in sufficient time to make timely payment of such Bond Requirements.

Investment of Moneys. Any moneys in any account designated in the 2012 PFC Series B Indenture (other than the Escrow Fund, which shall be invested as provided in the Escrow Agreement), and not needed for immediate use, may be invested or reinvested by the County Treasurer or the Trustee, as the case may be, in accordance with written instructions, or verbal instructions promptly confirmed in writing, of the Director or the Assistant Director, except as otherwise expressly stated in the 2012 PFC Series B Indenture:

Bank Deposits. By deposit in one or more Commercial Banks as described under “ – Places and Times of Deposits” above and “ – Character of Funds” below, and

Investment Securities. In Investment Securities which:

(1) Optional Redemption. Either shall be subject to redemption at any time at a fixed value by the holder thereof at the option of such holder, or

(2) Scheduled Maturities. Shall mature not later than on the date or respective dates on which the proceeds are to be expended as estimated by the Director or the Assistant Director upon each date of such investment or reinvestment, and, in the case of accounts under the control of the Trustee and the proposed investment or reinvestment of moneys accounted for therein, stated by the Director or Assistant Director in writing, or verbally promptly confirmed in writing, to the Trustee. Moneys held in the Bond Fund will be invested and reinvested to the fullest extent practicable in Investment Securities (to the extent permitted by law) which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made therefrom, nor at a date any later than the final fixed maturity date of the 2012B PFC Bonds. Moneys in the Income Fund may be invested or reinvested in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed to provide payments from such account. For the purposes of any such investment or reinvestment, Investment Securities shall be deemed to mature at the earliest date on which the obligor is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligations. In making each such investment or reinvestment, the Treasurer and the Trustee may rely upon such written instructions, or verbal instructions promptly confirmed in writing, and will be under no duty as to the propriety of the investment or reinvestment made in accordance with such instructions and in reliance upon estimates of officers of the County as to the times moneys accounted for in any account will be needed for the purpose or purposes thereof.

Required and Permissive Investments. The Director and the Assistant Director will have no obligation to cause the Treasurer or Trustee to make any investment or reinvestment under the 2012 PFC Series B Indenture, unless any moneys on hand and accounted for in any one account (other than the Escrow Fund) exceeds \$5,000 and at least \$5,000 therein will not be needed for a period of not less than 60 days. In that event, the Director or Assistant Director will cause the Treasurer or Trustee, as the case may be, to invest or reinvest in Investment Securities to the extent practicable not less than substantially all the amount which will not be needed during such 60-day period, except for any moneys on deposit in an interest-bearing account in any Commercial Bank, regardless of whether such moneys are evidenced by a certificate of deposit or otherwise, pursuant to “ – Character of Funds” below. The Director or the Assistant Director may request the Treasurer or the Trustee to invest or reinvest any moneys on hand at any time as provided in the 2012 PFC Series B Indenture even though he is not obligated to do so. In the event the Director or the Assistant Director does not direct the Trustee to invest moneys on hand, the Trustee may invest such moneys in any money market fund, including a proprietary money market fund, which constitutes an Investment Security.

The Trustee or an affiliate of the Trustee may serve as investment manager, administrator, shareholder serving agent and/or custodian or sub-custodian for any such money market fund, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds or services rendered, (ii) the Trustee collects fees for services rendered pursuant to the Indenture, which fees are separate from the fees received from such funds and (iii) services performed for such funds and pursuant to the Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee.

Accounting for Investments. The Investment Securities purchased as an investment or reinvestment of moneys in any such account will be deemed at all times to be a part of the account and held in trust therefor. Any interest or other gain and any loss in any account (other than the Escrow Fund) resulting from any such investments and reinvestments in Investment Securities and from any deposits of moneys in any Commercial Bank pursuant to the 2012 PFC Series B Indenture will be credited or debited, as the case may be, to (i) the Income Fund, the Bond Fund or the Capital Fund, or any combination thereof, as the Director may determine (as shown in the budget or otherwise), to the extent such interest or other gain constitutes PFC Revenues or such loss is realized on the investment or reinvestment of PFC Revenues, or (ii) the Revenue Fund to the extent such interest or other gain does not constitute PFC Revenues or such loss is realized on the investment or reinvestment of moneys that do not constitute PFC Revenues. No loss or profit in any account on any investments or reinvestments in Investment

Securities will be deemed to take place as a result of fluctuations in the market quotations of the investments before the sale or maturity thereof. In the computation of the amount in any account for any purpose under the 2012 PFC Series B Indenture, except as otherwise expressly provided therein, Investment Securities purchased as an investment of moneys therein will be valued at the cost thereof (including any amount paid as accrued interest at the time of purchase of the obligation) or the principal amount thereof, whichever is lower, but otherwise exclusive of accrued interest; and bank deposits will be valued at the amounts deposited, exclusive of any accrued interest or any other gain to the County until such gain is realized by the receipt of an interest-earned notice, or otherwise. The valuation of Investment Securities and bank deposits accounted for in any account under the 2012 PFC Series B Indenture will be made by the County not less frequently than annually. The expenses of purchase, safekeeping, sale and all other expenses incident to any investment or reinvestment of moneys pursuant to the 2012 PFC Series B Indenture will be accounted for as an expense of the 2012B PFC Refunding and charged to the Income Fund.

Redemption or Sale of Investment Securities. The Treasurer or the Trustee, with the approval of the Director or the Assistant Director, except as otherwise provided in the 2012 PFC Series B Indenture, will present for redemption at maturity or sale on the prevailing market at the best price obtainable any Investment Securities and certificates of deposit so purchased as an investment or reinvestment of moneys in any account whenever it shall be necessary to do so in order to provide moneys to meet any withdrawal, payment or transfer from such account. Neither the Treasurer, the Trustee nor any officer of the County will be liable or responsible for any loss resulting from any such investment or reinvestment made in accordance with the 2012 PFC Series B Indenture. The Treasurer or the Trustee will promptly notify each the Director and the Assistant Director of any gain or loss in any account held by the Treasurer or the Trustee, as the case may be. Such notification will be deemed to be performed by the Trustee upon delivery by a monthly accounting statement of such account.

Character of Funds. The moneys in any account authorized in the 2012 PFC Series B Indenture will consist either of lawful money of the United States or Investment Securities, or both. Moneys deposited in a demand or time deposit account in or evidenced by a certificate of deposit of any Commercial Bank pursuant to “ – Investment of Moneys” above, appropriately secured according to the laws of the State, will be deemed lawful money of the United States.

Accelerated Payments. Nothing contained in the 2012 PFC Series B Indenture prevents the accumulation in any account designated in the 2012 PFC Series B Indenture of any monetary requirements at a faster rate than the rate or minimum rate provided in the 2012 PFC Series B Indenture therefor, as the case may be; but no payment will be so accelerated if such acceleration will cause the County to default in the payment of any obligation of the County relating to PFC Revenues. Nothing contained in the 2012 PFC Series B Indenture requires the accumulation in any account for the payment in any Bond Year of Bond Requirements due in connection with any series of bonds or other securities payable from PFC Revenues and authorized in or after the 2012 PFC Series B Indenture, in excess of the Bond Requirements due thereon and of any reserves required to be accumulated and maintained therefor, and of any existing deficiencies, and payable from such account, as the case may be, except as may be otherwise provided in the 2012 PFC Series B Indenture.

Termination of Deposits. No payment need be made into the Bond Fund if the amounts therein total a sum at least equal to the entire amount of the Outstanding 2012B PFC Bonds as to all Bond Requirements, to their respective maturities, and both accrued and not accrued, in which case moneys in such accounts in an amount at least equal to such Bond Requirements will be used solely to pay such Bond Requirements as the same become due; and any moneys in excess thereof in such accounts and any other moneys derived from PFC Revenues may be used in any lawful manner permitted by the PFC Act and the PFC Regulations determined by the Board or the Director.

Events of Default and Remedies of Bondholders

Bondowner's Remedies Generally; Right to Enforce Payment. Each owner of any Series 2012B PFC Bond will be entitled to all of the privileges, rights and remedies provided or permitted in the Project Act and the Bond Act, and as otherwise provided or permitted by law or in equity or by other statutes, except as provided in the Series Indenture, but subject to the provisions in the Series Indenture concerning the pledge of and the covenants and the other contractual provisions concerning the PFC Revenues and the proceeds of the 2012B PFC Bonds. Nothing in the Series Indenture affects or impairs the right of any owner of any Series 2012B PFC Bond to enforce the payment of the Bond Requirements due in connection with its Series 2012B PFC Bond or the obligation of the County to pay

the Bond Requirements of each Series 2012B PFC Bond to the owner thereof at the time and the place expressed in such Series 2012B PFC Bond.

Events of Default. Each of the following events is hereby declared an “event of default” with respect to the 2010F PFC Bonds: (1) payment of the principal of any of the 2012B PFC Bonds, or any prior redemption premium due in connection therewith, or both, is not made when the same becomes due and payable, either at maturity or by proceedings for prior redemption, or otherwise; (2) payment of any installment of interest on the 2012B PFC Bonds, is not made when the same becomes due and payable; (3) the County for any reason is rendered incapable of fulfilling its obligations under the Series Indenture; (4) the County fails to carry out and to perform (or in good faith to begin the performance of) all acts and things lawfully required to be carried out or to be performed by it under any contract relating to the PFC Revenues, or otherwise, including, without limitation, the Series Indenture, and such failure continues for 60 days after receipt of notice from the Trustee or the Owners of 10% in principal amount of the 2012B PFC Bonds and any Parity PFC Bonds then Outstanding; (5) an order or decree is entered by a court of competent jurisdiction with the consent or acquiescence of the County appointing a receiver or receivers for the PFC Revenues and any other moneys subject to the lien to secure the payment of the 2012B PFC Bonds, or if an order or decree having been entered without the consent or acquiescence of the County is not vacated or discharged or stayed on appeal within 60 days after entry; and (6) the County makes any default in the due and punctual performance of any other of the representations, covenants, conditions, agreements and other provisions contained in the 2012B PFC Bonds, in the Series Indenture on its part to be performed, and if the default continues for 60 days after written notice specifying the default and requiring the same to be remedied is given to the County by Trustee or by the Owners of 10% in principal amount of the 2012B PFC Bonds and any Parity PFC Bonds then Outstanding.

Remedies for Default. Upon the happening and continuance of any of the events of default described or referred to above, the Trustee may proceed, and if the owner or owners or not less than 10% in principal amount of the 2010F PFC Bonds and any Parity PFC Bonds then Outstanding so request, then the Trustee shall, proceed, against the County to protect and to enforce the rights of any owner of 2010F PFC Bonds and any Parity PFC Bonds under the Series Indenture by mandamus or by other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained therein or in an award of execution of any power therein granted for the enforcement of any proper, legal or equitable remedy as the Trustee or the owner or owners may deem most effectual to protect and to enforce such rights.

Amendment of the 2012 PFC Series B Indenture

Privilege of Amendments. The 2012 PFC Series B Indenture may be amended or supplemented in accordance with the laws of the State, without receipt by the County of any additional consideration, but with the written consent of the owners of a majority in aggregate principal amount of the 2012B PFC Bonds Outstanding at the time of the adoption of the amendment or supplement, excluding any 2012B PFC Bonds which may then be held or owned for the account of the County, but including such refunding securities as may be issued for the purpose of refunding any of the 2012B PFC Bonds if the refunding securities are not owned by the County.

Limitations upon Amendments. No such amendment or supplement shall adversely affect the owners of any Senior Lien Revenue Bonds then Outstanding. No such instrument shall permit without the written consent of all owners of the 2012B PFC Bonds adversely and materially affected thereby:

Changing Payment. A change in the maturity or in the terms of redemption of the principal of any 2012B PFC Bond or any installment of interest thereon; or

Reducing Return. A reduction in the principal amount of any 2012B PFC Bond, the rate of interest thereon, or any prior redemption premium payable in connection therewith, without the consent of the owner of the 2012B PFC Bond; or

Prior Lien. The creation of a lien upon or a pledge of revenues ranking prior to the lien or to the pledge created by the 2012 PFC Series B Indenture, except as provided in the Master Indenture; or

Modifying any Bond. A reduction of the percentages or otherwise affecting the description of 2012B PFC Bonds the consent of the owners of which is required for any modification or amendment; or

Priorities between Bonds. The establishment of priorities as between 2012B PFC Bonds Outstanding under the provisions of the 2012 PFC Series B Indenture, except as otherwise permitted thereby; or

Partial Modification. The modifications of or otherwise materially and prejudicially affecting the rights or privileges of the owners of less than all of the 2012B PFC Bonds then Outstanding.

Notice of Amendment. Whenever the County proposes to amend or modify the 2012 PFC Series B Indenture under the provisions thereof, it is to cause notice of the proposed amendment to be given not later than 30 days prior to the date of the proposed enactment of the amendment by mailing to the purchasers of the 2012B PFC Bonds, the Trustee, the Paying Agent, the Registrar and the owner of each of the 2012B PFC Bonds Outstanding under the 2012 PFC Series B Indenture. The notice is to briefly set forth the nature of the proposed amendment and state that a copy of the proposed amendatory instrument is on file in the office of the County Clerk for public inspection.

Time for Amendment. Whenever at any time within one year from the date of the mailing of such notice, there shall be filed in the office of the County Clerk an instrument or instruments executed by the owners of a majority in aggregate principal amount of the 2012B PFC Bonds then Outstanding under the 2012 PFC Series B Indenture, which instrument or instruments will refer to the proposed amendatory instrument described in the notice and specifically consents to and approves the adoption of the instrument, thereupon, but not otherwise, the County may adopt the amendatory instrument and instrument will become effective.

Binding Consent to Amendment. If the owners of a majority in aggregate principal amount of the 2012B PFC Bonds Outstanding under the 2012 PFC Series B Indenture, at the time of the adoption of the amendatory instrument, or the predecessors in title of such owners, shall have consented to and approved the adoption thereof as provided in the 2012 PFC Series B Indenture, no owner of any 2012B PFC Bond, whether or not the owner shall have consented to or shall have revoked any consent as provided above, will have any right or interest to object to the adoption of the amendatory instrument or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin the County from taking any action pursuant to the provisions thereof.

Time Consent Binding. Any consent given by the owner of a 2012B PFC Bond pursuant to the provisions of the 2012 PFC Series B Indenture will be irrevocable for a period of 6 months from the date of the mailing of the notice described above, and will be conclusive and binding upon all future owners of the same 2012B PFC Bond during that period. The consent may be revoked at any time after 6 months from the date of the mailing of the notice by the owner who gave the consent or by a successor in title by filing notice of the revocation with the County Clerk, but the revocation will not be effective if the owners of a majority in aggregate principal amount of the 2012B PFC Bonds Outstanding under the 2012 PFC Series B Indenture, before the attempted revocation, consented to and approved the amendatory instrument referred to in the revocation.

Unanimous Consent. Notwithstanding anything contained in the foregoing provisions, the terms and the provisions of the 2012 PFC Series B Indenture or of any instrument amendatory thereof or supplemental thereto and the rights and the obligations of the County and of the owners of the 2012B PFC Bonds under the 2012 PFC Series B Indenture may be modified or amended in any respect (other than modifications or amendments that adversely affects the owners of any Senior Lien Revenue Bonds then Outstanding) upon the adoption by the County and upon the filing with the County Clerk of an instrument to that effect and with the consent of the owners of all the then Outstanding 2012B PFC Bonds the consent to be given as provided in the 2012 PFC Series B Indenture; and no notice to owners of 2012B PFC Bonds will be required as provided in the 2012 PFC Series B Indenture, nor will the time of consent be limited except as may be provided in the consent.

Amendments Not Requiring Bondholders' Consent. The County, acting by and through the Board, and the Trustee, notwithstanding certain other provisions of the 2012 PFC Series B Indenture, and without the consent of or notice to any owner of any 2012B PFC Bond, will consent to any amendment, change or modification of the 2012 PFC Series B Indenture as may be required (a) by the provisions of the 2012 PFC Series B Indenture; (b) for the

purpose of curing any ambiguity or formal defect or omission in the 2012 PFC Series B Indenture; (c) in connection with the issuance and delivery of additional or other securities payable from PFC Revenues; (d) to modify or supplement the 2012 PFC Series B Indenture in such manner as may be necessary or appropriate to qualify the 2012 PFC Series B Indenture under the Trust Indenture Act of 1939 as then amended, or under any similar federal or state statute enacted after the 2012 PFC Series B Indenture, including provisions whereby the Trustee accepts such powers, duties, conditions and restrictions under the 2012 PFC Series B Indenture and the County undertakes such covenants, conditions or restrictions additional to those contained in the 2012 PFC Series B Indenture as would be necessary or appropriate so to qualify the 2012 PFC Series B Indenture; or (e) in connection with any other change in the 2012 PFC Series B Indenture which is not to the prejudice of the Trustee and which would not materially adversely affect the Owners of the 2012B PFC Bonds.

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

Upon issuance of the 2012B PFC Bonds, the County proposes to enter into a Continuing Disclosure Certificate in substantially the following form:

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by Clark County, Nevada (the “Issuer”) in connection with the issuance of the Issuer’s Clark County, Nevada, Las Vegas-McCarran International Airport Passenger Facility Charge Refunding Revenue Bonds, 2012 Series B, in the aggregate principal amount of \$_____ (the “Bonds”). The Bonds are being issued pursuant to the Master Indenture of Trust, dated as of May 1, 2003, by and between the Issuer and The Bank of New York Trust Company (the “Trustee”), amending and restating as an indenture of trust the County’s General Bond Ordinance No. 1648 (the “Master Indenture”), and the 2012 PFC Series B Indenture, dated as of July 1, 2012, by and between the County and the Trustee (the “2012 PFC Series B Indenture,” together with the Master Indenture, the “Indenture”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities Exchange Commission.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

Annual Report. The term “Annual Report” means any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

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

Dissemination Agent. The term “Dissemination Agent” means, initially, the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

EMMA. “EMMA” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (EMMA) system, which can be found at <http://emma.msrb.org>.

Fiscal Year. The term “Fiscal Year” means the one-year period beginning on July 1 of each year and ending on the last day of June of the succeeding year, or such other fiscal year of the Issuer designated by the Issuer.

Holder. The term “Holder” means a registered owner of the Bonds.

Listed Events. The term “Listed Events” means any of the events listed in Sections 5(a) and 5(b) of this Disclosure Certificate.

Participating Underwriter. The term “Participating Underwriter” means any underwriter of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

Rule. The term “Rule” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than nine (9) months following the end of its Fiscal Year, commencing nine (9) months following the end of Fiscal Year 2012, provide to EMMA an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to EMMA an Annual Report by the date required in subsection (a), the Issuer shall or shall cause the Dissemination Agent to send a notice to EMMA in the manner prescribed by the Municipal Securities Rulemaking Board.

(c) If the Dissemination Agent is other than the Issuer, the Dissemination Agent shall file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate and stating the date it was provided to EMMA.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) A copy of its annual financial statements prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided when and if available.

(b) An update of the information of the type contained in the tables identified by a double asterisk (**) under the heading "TABLES" found on page (iii) of the Official Statement for the Bonds, a copy of which page is attached hereto as Exhibit A.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from EMMA. The Issuer shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event:

1. principal and interest payment delinquencies;
2. unscheduled draws on debt service reserves reflecting financial difficulties;
3. unscheduled draws on credit enhancements reflecting financial difficulties;
4. substitution of credit or liquidity providers, or their failure to perform;
5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701 TEB);
6. tender offers;

7. defeasances;
8. ratings changes; and
9. bankruptcy, insolvency, receivership or similar proceedings.

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. unless described in Section 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other events affecting the tax status of the Bonds;
2. modifications to the rights of Bond holders;
3. optional, unscheduled or contingent Bond redemptions;
4. release, substitution or sale of property securing repayment of the Bonds;
5. non-payment related defaults;
6. the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and
7. appointment of a successor or additional trustee or the change of the name of a trustee.

(c) If the Issuer determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the Issuer shall file a notice of such occurrence with EMMA in a timely manner not more than ten (10) Business Days after the event.

SECTION 6. Customarily Prepared and Public Information. Upon request, the Issuer shall provide to any person financial information and operating data regarding the Issuer which is customarily prepared by the Issuer and is publicly available.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the earlier of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, without the consent of the holders of the Bonds, if such amendment or waiver does not, in and of itself, cause the undertakings herein to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Issuer will provide notice of such amendment or waiver to EMMA.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate 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 Disclosure Certificate. If the Issuer 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 Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

No Holder or Beneficial Owner of the Bonds may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the Issuer satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the Issuer shall have refused to comply therewith within a reasonable time.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter, the Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

DATE: July __, 2012

CLARK COUNTY, NEVADA

Director of Aviation

EXHIBIT A

TABLES

CLARK COUNTY, NEVADA, DEPARTMENT OF AVIATION
Statement of Historical and Projected Revenues and Expenses ^{** (1)}

CLARK COUNTY, NEVADA, DEPARTMENT OF AVIATION
Historical Passenger Facility Charge Collections ^{** (1)}

HISTORICAL AIRLINE TRAFFIC
McCarran International Airport ^{**}

AIRLINE MARKET SHARES
McCarran International Airport Fiscal Years 2011, 2010 and 2000 ^{**}

⁽¹⁾ Historical information only in these tables is to be updated annually.

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APPENDIX E

DTC AND BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy or completeness thereof. The County cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners: (a) payments of interest, principal or premium, if any, with respect to the 2012B PFC Bonds; (b) certificates representing ownership interest in or other confirmation or ownership interest in the 2012B PFC Bonds; or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2012B PFC Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2012B PFC Bonds. The 2012B PFC 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 2012B PFC Bond certificate will be issued for the 2012B PFC Bonds, in the aggregate principal amount of such issue, 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 2012B PFC Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2012B PFC Bonds on DTC's records. The ownership interest of each actual purchaser of each 2012B PFC 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 2012B PFC 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 2012B PFC Bonds, except in the event that use of the book-entry system for the 2012B PFC Bonds is discontinued.

To facilitate subsequent transfers, all 2012B PFC 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 2012B PFC 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 2012B PFC Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2012B PFC 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 2012B PFC Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2012B PFC Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2012B PFC Bond documents. For example, Beneficial Owners of 2012B PFC Bonds may wish to ascertain that the nominee holding the 2012B PFC 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2012B PFC 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 Airport 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 2012B PFC Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemptions, distributions, and dividend payments on the 2012B PFC 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 Airport or the Paying Agent, 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 Paying Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its 2012B PFC Bonds purchased or tendered, through its Participant, to the Paying Agent, and shall effect delivery of such 2012B PFC Bonds by causing the Direct Participant to transfer the Participant's interest in the 2012B PFC Bonds, on DTC's records, to the Paying Agent.

DTC may discontinue providing its services as depository with respect to the 2012B PFC Bonds at any time by giving reasonable notice to the County or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, 2012B PFC Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2012B PFC Bonds will be printed and delivered to DTC.

APPENDIX F

FORM OF OPINION OF BOND COUNSEL

Upon issuance of the 2012B PFC Bonds, Swendseid & Stern, a Member in Sherman & Howard LLC, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

July 2, 2012

Clark County, Nevada
Clark County Government Center
500 South Grand Central Parkway
Las Vegas, Nevada 89106

Clark County, Nevada
Las Vegas-McCarran International Airport
Passenger Facility Charge Refunding Revenue Bonds
2012 Series B

Ladies and Gentlemen:

We have acted as bond counsel to Clark County, Nevada (the "County"), in connection with the issuance of its Las Vegas-McCarran International Airport Passenger Facility Charge Refunding Revenue Bonds, 2012 Series B, in the aggregate principal amount of \$64,360,000 (the "Bonds"). In such capacity, we have examined the County's certified proceedings and such other documents and such law of the State of Nevada (the "State") and of the United States of America as we have deemed necessary to render this opinion letter. The Bonds are authorized and issued pursuant to the Master Indenture of Trust dated as of May 1, 2003 (as amended, the "Master Indenture"), as supplemented by the 2012 PFC Series B Indenture dated as of July 1, 2012 (the "2012 PFC Series B Indenture" and, together with the Master Indenture, the "Indenture") between the County and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Indenture.

Regarding questions of fact material to our opinions, we have relied upon the County's certified proceedings and other representations and certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The Bonds constitute valid and binding special, limited obligations of the County and, except as described in paragraph 2 hereof, are payable solely out of and are secured by an irrevocable pledge of the PFC Revenues and all moneys and securities paid or to be paid to or held or to be held in any account under Article VI of the 2012 PFC Series B Indenture, subject only to the application of such moneys and securities for the purposes and on the terms and conditions of the Indenture. The lien on the PFC Revenues pledged for the security of the Bonds is on a parity with the lien thereon of outstanding and hereafter issued Parity PFC Bonds. Except as described in this paragraph, we express no opinion regarding the priority of the lien on the PFC Revenues securing the Bonds.

2. The Bonds also constitute Subordinate Securities, and as such, the Bonds are additionally secured by a lien on the Net Revenues of the County's Airport System, *i.e.*, the Gross Revenues of the Airport System (which term excludes revenues pertaining to Special Facilities financed with Special Facilities Bonds and certain other revenues as expressly provided in the Indenture) after deduction of Operation and Maintenance Expenses of the Airport System. The lien on the Net Revenues of the Airport System pledged for the security of the Bonds is

subordinate and junior to the lien thereon of the Parity Bonds and any other Parity Securities now or hereafter outstanding and is on a parity with the lien thereon of outstanding and hereafter issued Second Lien Subordinate Securities. Except as described in this paragraph, we express no opinion regarding the priority of the lien on the Net Revenues securing the Bonds.

3. The Indenture has been duly authorized by the County, duly executed and delivered by authorized officials of the County and, assuming due authorization, execution and delivery by the Trustee, constitutes a valid and binding obligation of the County enforceable in accordance with its terms.

4. Interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code"), and is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. The opinions expressed in this paragraph assume continuous compliance with the covenants and representations contained in the County's certified proceedings and in certain other documents and certain other certifications furnished to us.

5. Under laws of the State in effect as of the date hereof, the Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation skipping transfers imposed pursuant to Chapter 375B of NRS.

The opinions expressed in this opinion letter above are subject to the following:

The obligations of the County pursuant to the Bonds and the Indenture are subject to the application of equitable principles, to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of America of the powers delegated to it by the Federal Constitution, including, without limitation, bankruptcy powers.

In expressing the opinions above, we are relying, in part, on a report of independent certified public accountants verifying the mathematical computations of the adequacy of the maturing principal amounts of and interest on the investments and moneys included in the Escrow Fund to pay when due, upon prior redemption, all principal of and interest on the Refunded Bonds.

In this opinion letter issued in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not opining upon the accuracy, adequacy or completeness of the Official Statement or any other statements made in connection with any offer or sale of the Bonds or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Bonds, except those specifically addressed herein.

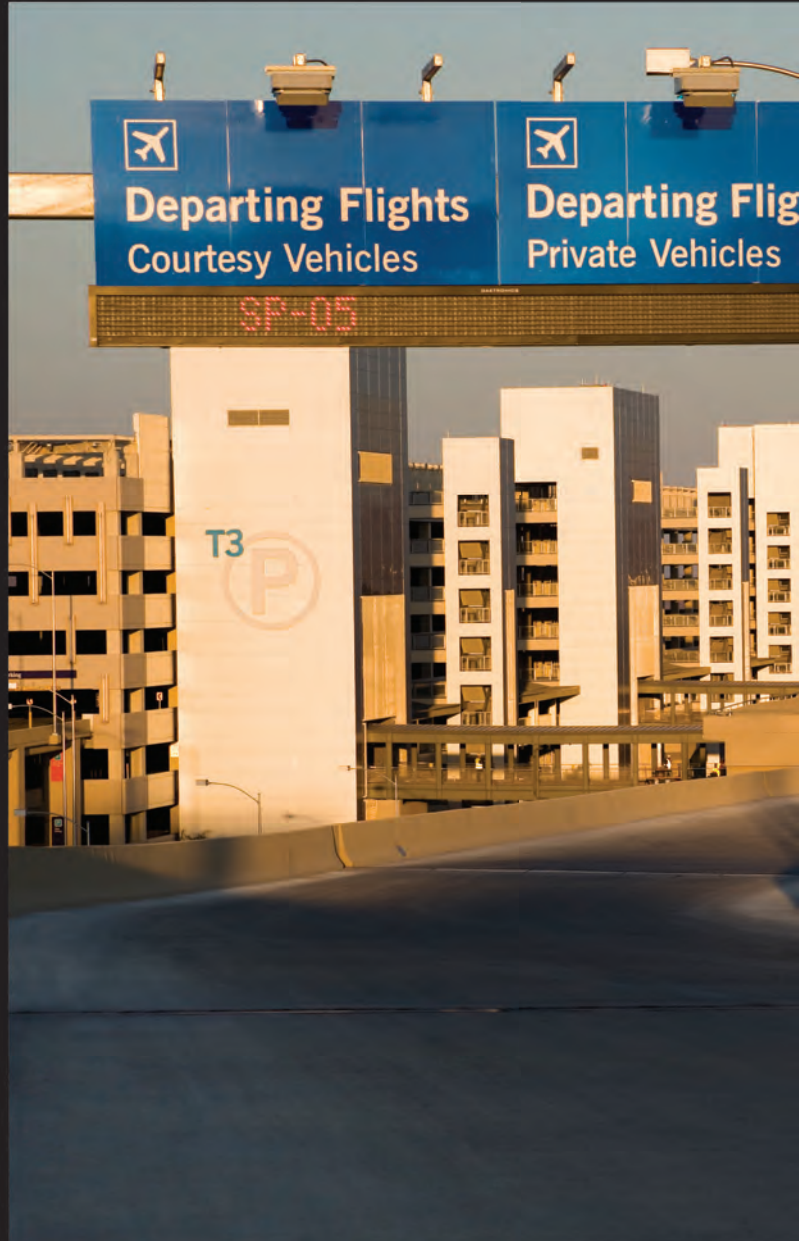
This opinion letter is issued as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

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McCarran

INTERNATIONAL AIRPORT

Clark County Department of Aviation
P.O. Box 11005, Las Vegas, NV 89111-1005

