CITY OF SAN ANTONIO, TEXAS

Airport System

$37,575,000 Passenger Facility Charge and Subordinate Lien Airport System Revenue Improvement Bonds, Series 2002 (AMT)

$92,470,000 Airport System Revenue Improvement Bonds, Series 2002 (AMT)

$50,230,000 Airport System Forward Refunding Revenue Bonds, Series 2003 (AMT)

$38,085,000 Passenger Facility Charge and Subordinate Lien Airport System Revenue Improvement Bonds, Series 2005 (AMT)

$17,850,000 Airport System Revenue Refunding Bonds, Series 2006 (AMT)

$74,860,000 Passenger Facility Charge and Subordinate Lien Airport System Revenue Improvement Bonds, Series 2007 (AMT)

$82,400,000 Airport System Revenue Improvement Bonds, Series 2007 (AMT)

$37,335,000 Passenger Facility Charge and Subordinate Lien Airport System Revenue Improvement and Refunding Bonds, Series 2010

$42,220,000 Airport System Revenue Improvement and Refunding Bonds, Series 2010A

$20,885,000 Airport System Revenue Refunding Bonds, Taxable Series 2010B

March 31, 2012

AIRPORT SYSTEM IMPROVEMENT REVENUE BONDS

The following Tables 1 through 6 present historical operating performance of the Airport System, all of which have been prepared by the City's Aviation Department.

The total domestic and international enplaned passengers at the International Airport on a monthly basis, along with year to year percentage changes for each of the last five calendar years are shown as follows:

Total Domestic and International Enplaned Passengers **Table 1**

	2007	2008	2009	2010	2011
January	290,162	300,948	282,949	286,314	291,442
February	285,310	311,028	272,587	266,241	271,345
March	349,196	366,454	349,504	347,406	354,980
April	339,186	348,920	327,649	342,751	337,932
May	355,372	367,490	322,411	344,753	354,245
June	367,759	394,731	361,590	377,165	382,325
July	373,239	407,974	375,205	398,187	384,521
August	346,453	362,433	331,789	338,102	342,832
September	307,269	289,849	293,187	304,635	321,083
October	345,007	349,458	332,830	349,750	350,901
November	339,335	330,126	327,352	330,582	338,426
December	332,283	338,029	328,386	336,184	341,749
Total	4,030,571	4,167,440	3,905,439	4,022,070	4,071,781
Increase (Decrease) Over Prior 12-Month Period		136,869	(262,001)	116,631	49,711
% Increase (Decrease) Over Prior 12-Month Period		3.40%	(6.29%)	2.99%	1.24%

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The total enplanements at the International Airport by airline for each of the last five calendar years are shown below:

Domestic and International Enplaned Passengers by Airline **Table 2**

Airlines	2007		2008		2009		2010		2011	
	Number	% Total	Number	% Total	Number	% Total	Number	% Total	Number	% Total
Aerolitoral	14,387	0.36	21,607	0.52	9,784	0.25	22,890	0.57	28,862	0.71
Aeroméxico	24,692	0.61	14,220	0.34	3,736	0.10	106	0.00	44,181	1.08
AirTran	--	--	67,367	1.62	120,839	3.09	135,917	3.38	115,315	2.83
America West [1]	30,380	0.75	--	--	--	--	--	--	--	--
American	795,217	19.73	754,666	18.11	706,179	18.08	724,228	18.01	691,986	16.99
American Eagle	14,352	0.36	--	--	--	--	--	--	18,809	0.46
Atlantic Southeast	38,728	0.96	26,942	0.65	20,535	0.53	--	--	36,128	0.89
Chautauqua	5,997	0.15	6,743	0.16	13,871	0.36	--	--	--	--
Comair	48,155	1.19	44,445	1.07	5,332	0.14	--	--	--	--
Continental	506,983	12.58	497,165	11.93	450,614	11.54	436,879	10.86	399,848	9.82
Delta	180,593	4.48	213,328	5.12	249,021	6.38	561,028	13.95	609,943	14.98
ExpressJet	88,443	2.19	77,669	1.86	--	--	--	--	--	--
Frontier	81,718	2.03	96,555	2.32	84,347	2.16	62,120	1.54	81,709	2.01
Go Jet	62,591	1.55	50,729	1.22	55,759	1.43	--	--	--	--
Mexicana	63,401	1.57	52,510	1.26	56,920	1.46	42,342	1.05	--	--
Midwest	36,101	0.90	20,470	0.49	--	--	--	--	--	--
Northwest [2]	241,282	5.99	234,321	5.62	172,295	4.41	--	--	--	--
Pinnacle	--	--	20,617	0.49	12,431	0.32	--	--	--	--
SkyWest	141,117	3.50	150,281	3.61	177,121	4.54	170,108	4.23	--	--
Spirit	--	--	31,182	0.75	3,940	0.10	--	--	--	--
Southwest	1,417,636	35.17	1,455,014	34.91	1,469,818	37.64	1,497,648	37.24	1,519,659	37.32
United	107,491	2.67	109,098	2.62	38,938	1.00	104,617	2.60	296,296	7.28
US Airways	88,503	2.20	174,617	4.19	169,931	4.35	198,139	4.93	207,994	5.11
Other Carriers	42,804	1.06	47,894	1.15	84,028	2.15	66,048	1.64	21,051	0.52
Total	4,030,571	100.00	4,167,440	100.00	3,905,439	100.00	4,022,070	100.00	4,071,781	100.00
% Increase (Decrease) Over Prior 12-Month Period			3.40%		(6.29%)		2.99%		1.24%	

[1] Ceased as America West and became US Airways as of April 1, 2007.
[2] Ceased as Northwest and became Delta Airlines as of January 1, 2010

The total enplaned and deplaned international passengers at the International Airport are shown below:

Total Enplaned and Deplaned International Passengers **Table 3**

	2007	2008	2009	2010	2011
January	14,435	14,880	11,323	12,526	8,705
February	12,142	10,359	7,108	10,094	9,854
March	16,077	14,218	10,803	13,441	14,600
April	17,613	10,393	9,972	13,203	13,996
May	16,494	14,070	6,951	13,001	13,684
June	20,822	21,295	14,243	13,284	13,370
July	22,880	24,421	16,186	19,274	19,222
August	18,137	17,352	13,481	12,579	13,116
September	13,410	10,167	7,636	6,701	11,125
October	12,873	10,761	9,549	7,023	11,388
November	16,883	13,848	13,603	7,605	14,351
December	15,819	15,455	18,431	8,239	38,539
Total	197,585	177,219	139,286	136,970	181,950
Increase (Decrease) Over Prior 12-Month Period		(20,366)	(37,933)	(2,316)	44,980
% Increase (Decrease) Over Prior 12-Month Period		(10.31%)	(21.40%)	(1.66%)	32.84%

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The historical aircraft landed weight at the International Airport in 1,000 pound units, by air carrier, in the designated calendar year is shown below. Landed weight is utilized in the computation of the Airport's landing fee.

Air Carrier Landed Weight (1,000 lbs.) **Table 4**

Carriers	2007		2008		2009		2010		2011	
	Weight	% Total	Weight	% Total	Weight	% Total	Weight	% Total	Weight	% Total
Aerolitoral	20,922.20	0.34	29,896.20	0.48	11,893.30	0.22	25,022.50	0.45	32,630.00	0.57
Aeromar	1,729.20	0.03	988.30	0.02	576.50	0.01	576.70	0.01	202.40	0.00
Aeromexico	45,580.50	0.75	21,328.90	0.34	5,114.00	0.09	279.00	0.00	57,702.00	1.01
Airborne	--	--	--	--	--	--	--	--	--	--
AirTran [1]	--	--	70,371.50	1.13	134,093.00	2.44	154,698.50	2.75	121,632.50	2.13
America West [1]	20,417.80	0.33	--	--	--	--	--	--	--	--
American	886,481.50	14.54	850,168.00	13.69	779,142.00	14.20	763,731.00	13.56	739,589.00	12.96
American Eagle	29,363.10	0.48	--	--	--	--	17,943.30	0.32	26,666.0	0.47
Atlantic Southeast	49,402.70	0.81	31,481.00	0.51	22,121.40	0.40	11,438.60	0.20	40,639.90	0.71
Chauauqua	8,560.50	0.14	7,791.30	0.13	15,022.20	0.27	3,875.20	0.07	--	--
Comair	54,932.60	0.90	47,213.00	0.76	5,673.00	0.10	19,762.70	0.35	94.00	0.00
Compass Air	--	--	--	--	--	--	67,941.90	1.21	66,691.10	1.17
Continental	648,890.00	10.64	615,721.00	9.92	520,630.00	9.49	475,545.00	8.44	443,430.00	7.77
Continental Express	--	--	--	--	--	--	20,828.00	0.37	20,846.30	0.36
Delta	209,600.30	3.44	230,978.00	3.72	248,632.00	4.53	487,363.10	8.65	632,447.50	11.08
DHL Airways	102,001.00	1.67	84,428.00	1.36	1,774.00	0.03	--	--	--	--
ExpressJet	159,894.20	2.62	106,801.20	1.72	--	--	--	--	--	--
Federal Express	369,173.40	6.05	335,296.90	5.40	315,539.30	5.75	334,244.70	5.93	401,223.80	7.03
Frontier	118,771.00	1.95	126,237.00	2.03	111,719.00	2.04	77,483.80	1.38	94,732.90	1.66
Go Jet	78,591.00	1.29	61,707.00	0.99	68,139.00	1.24	78,658.00	1.40	74,169.00	1.30
Kitty Hawk	309.00	0.01	--	--	--	--	--	--	--	--
Martinaire	--	--	6,154.00	0.10	6,961.50	0.13	5,233.00	0.09	4,972.50	0.09
Mesa	41,256.00	0.68	23,182.00	0.37	21,574.00	0.39	18,425.00	0.33	--	--
Mesaba	--	--	--	--	--	--	76,753.90	1.36	40,403.80	0.71
Mexicana	110,842.00	1.82	110,842.70	1.79	88,959.10	1.62	62,251.40	1.11	142.20	0.00
Midwest Express	48,759.00	0.80	26,555.00	0.43	--	--	--	--	--	--
Northwest [2]	320,211.00	5.25	295,433.70	4.76	200,465.10	3.65	17,601.50	0.31	--	--
Pinnacle	--	--	25,465.50	0.41	19,996.00	0.36	42,308.70	0.75	19,492.30	0.34
SkyWest	153,553.00	2.52	178,488.00	2.87	201,526.00	3.67	205,167.50	3.64	--	--
Spirit	--	--	41,198.40	0.66	5,649.20	0.10	138.00	0.00	--	--
Southwest	1,986,266.00	32.57	2,118,360.00	34.12	2,031,640.00	37.02	1,932,976.00	34.32	1,929,756.00	33.81
Trans States	8,211.90	0.13	9,999.00	0.16	--	--	--	--	--	--
US Airways	80,143.30	1.31	68,895.20	1.11	170,248.80	3.10	230,879.40	4.10	235,673.30	4.13
United	138,795.20	2.28	136,758.40	2.20	52,298.70	0.95	60,506.30	1.07	270,513.90	4.74
United Parcel	344,219.00	5.64	385,499.90	6.21	346,353.00	6.31	297,698.60	5.29	330,302.10	5.79
Other Carriers	61,399.40	1.01	161,952.60	2.61	101,796.80	1.86	142,871.70	2.54	124,093.10	2.17
Total	6,098,275.80	100.00	6,209,191.70	100.00	5,487,536.90	100.00	5,632,203.00	100.00	5,708,045.60	100.00

[1] Ceased as America West and became US Airways as of April 1, 2007.

[2] Ceased as Northwest and become Delta Airlines as of January 1, 2010.

The following is a summary of cargo activities at the International Airport:

Enplaned Air Cargo Weights (U.S. Tons) **Table 5**

Calendar Year	Mail	Freight	Total Cargo	% Change
2007	15,427.58	48,516.40	63,943.98	--
2008	13,781.45	48,450.81	62,232.26	(2.68)
2009	12,202.33	40,611.08	52,813.41	(15.13)
2010	13,412.89	45,154.32	58,567.21	10.89
2011	14,824.95	43,488.21	58,313.16	(0.43)

Tables 6 and 7 reflect the historical performance of parking operations at the International Airport. The current parking rates at the International Airport are shown below.

Current Parking Rates (effective October 1, 2011) **Table 6**

Hourly Parking

Time Utilized	($)
0 - ¼ Hour	0.00
¼ - ½ Hour	1.00
½ - 1 Hour	2.00
1 - 1 ½ Hours	3.00
1 ½ - 2 Hours	4.00
2 - 4 Hours	7.00
4 - 6 Hours	11.00
6+ Hours (Maximum Daily Rate)	24.00

Long Term Parking

Time Utilized	($)
0 - ¼ Hour	0.00
¼ - 1 Hour	2.00
1 – 2 Hours	4.00
2 Hour – 3 Hours	7.00
3 Hours – 4 Hours	9.00
4 Hours – 24 Hours	10.00

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The historical revenues and expenses of the parking system at the International Airport and parking revenues as a percentage of Gross and Net Revenues of the Airport System are shown below:

Airport Parking System Revenues **Table 7**

	Fiscal Year Ended September 30				
	2007	2008	2009	2010	2011
Parking Revenues	$16,738,326	$17,244,123	$16,513,093	$17,169,664	$19,319,267
Parking Expenses	(3,097,789)	(3,769,960)	(3,739,868)	(3,602,059)	(3,629,456)
Net Parking Revenues	$13,640,537	$13,474,163	$12,773,225	$13,567,605	$15,689,811
Gross Parking Revenues as a % of Airport System Gross Revenues	29.53%	26.45%	26.56%	26.81%	23.20%
Net Parking Revenues as a % of Airport System Net Revenues	56.60%	57.09%	56.93%	56.13%	40.43%
Airport System Gross Revenues	$56,682,447	$65,187,888	$62,180,333	$64,045,889	$83,288,806
Airport System Net Revenues	$24,098,754	$23,602,094	$22,437,240	$24,172,125	$38,808,642

Source: City of San Antonio, Department of Finance.

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The historical financial performance of the Airport System is shown in tables 8 and 9 and has been provided by the City's Finance Department.

A comparison of the major categories comprising Gross Revenues and Operation and Maintenance Expenses for the past five fiscal years is shown below:

Comparative Statement of Gross Revenues and Expenses **Table 8**

	Fiscal Year Ended September 30				
	2007	2008	2009	2010	2011
Gross Revenues					
Airline Revenues					
Scheduled Carrier Landing Fees	$5,749,818	$6,465,537	$5,752,737	$7,236,225	$8,664,750
Non-Scheduled Carrier Landing Fees	1,159,531	1,210,747	1,788,595	2,360,307	1,446,665
Terminal Building Rentals [1]	5,265,310	11,233,739	12,850,279	11,973,132	19,007,289
FIS Space Fees	894,503	1,325,182	431,116	511,187	600,585
Ramp Fees	407,500	413,633	345,501	398,366	2,109,150
Baggage Handling System Charges	-0-	-0-	-0-	-0-	5,105,855
Passenger Loading Bridges	-0-	-0-	-0-	-0-	782,666
Subtotal Airlines Revenues	$13,476,662	$20,648,838	$21,168,228	$22,479,217	$37,716,960
Non-Airline Revenues					
Concession Contracts	$15,787,104	$16,093,691	$14,731,620	$15,635,177	$16,776,304
Parking Fees	16,738,326	17,244,123	16,513,093	17,169,664	19,319,267
Property Leases	6,603,443	7,670,764	7,624,105	7,488,208	7,697,458
Stinson Airport	209,485	237,873	260,451	331,355	401,957
General Aviation Fuel	-0-	-0-	-0-	-0-	593,364
Interest Income	3,434,689	2,546,135	791,665	192,354	186,599
Misc. Revenues	427,223	446,464	1,091,171	749,914	596,897
Transfer from Other Funds	5,515	300,000	-0-	-0-	-0-
Subtotal Non-Airline Revenues	$43,205,785	$44,539,050	$41,012,105	$41,566,672	$45,571,846
Total Gross Revenues	$56,682,447	$65,187,888	$62,180,333	$64,045,889	$83,288,806
Operating & Maintenance Expenses					
Airfield Area	$1,580,597	$1,873,361	$2,436,739	$2,499,112	$2,189,071
Service Area	342,880	340,824	265,027	354,503	291,297
Terminal B	2,740,507	3,052,839	2,984,514	3,156,933	3,414,755
Terminal A	3,829,290	4,584,861	4,678,958	4,601,709	4,857,592
Fire & Rescue	3,916,032	4,036,895	3,919,226	3,895,150	4,433,517
Access	600,481	845,346	813,042	833,489	728,766
Central Plant	696,512	688,753	739,003	659,252	609,264
Commercial & Industrial	109,554	60,434	3,435	41,676	78,246
Other Buildings & Area	101,633	59,261	5,455	37,927	25,532
Parking	3,097,789	3,769,960	3,739,868	3,602,059	3,629,456
Stinson Airport	564,525	716,957	783,710	704,100	641,799
Administration	7,447,138	13,020,708	8,636,490	8,822,961	10,557,136
Maintenance & Control	1,272,447	1,387,287	1,514,218	1,605,743	1,823,892
Security	4,427,411	5,701,668	6,269,170	5,822,768	5,813,629
Operations	1,718,113	1,122,477	1,380,100	1,276,138	1,228,199
Ground Transportation	138,784	324,163	534,267	636,006	723,263
Contract Monitoring	-0-	-0-	672,872	696,833	-0-
Environmental Stewardship	-0-	-0-	366,999	627,405	807,744
Airport Safety/Wildlife Programs	-0-	-0-	-0-	-0-	301,190
Baggage Handling System	-0-	-0-	-0-	-0-	2,250,199
Passenger Loading Bridges	-0-	-0-	-0-	-0-	55,617
Total Operating & Maintenance Expenses	$32,583,693	$41,585,794	$39,743,093	$39,873,764	$44,480,164
Net Revenues	$24,098,754	$23,602,094	$22,437,240	$24,172,125	$38,808,642

[1] Through FY 2010, the Signatory Airlines (defined herein) were eligible to receive a credit against their terminal rents, in an amount equal to 50% of funds available in excess of the 25% debt service coverage requirement after the payment of all Operation and Maintenance Expenses, debt service requirements, and deposits to the bond funds. Terminal building rentals are shown net of credit. Beginning in FY 2011, there is no rebate; however, the Signatory Agreement provides for certain credits which will apply toward the next fiscal year's rates and charges. The first credits are, therefore, applied during FY 2012.

The ratios of Gross Revenues and Net Revenues to the debt service requirements of the outstanding Parity GARBs for the past five fiscal years ended September 30 are shown below:

Historical Debt Service Coverage **Table 9**

	Fiscal Year Ended September 30				
	2007	2008	2009	2010	2011
Gross Revenues [1]	$56,682,447	$65,187,888	$62,180,333	$64,045,889	$83,288,806
Airline Rental Credit	8,831,771	5,040,274	4,165,260	4,178,122	-0-
Adjusted Gross Revenues	$65,514,218	$70,228,162	$66,345,593	$68,224,011	$83,288,806
Operating Expenses	(32,583,693)	(41,585,794)	(39,743,093)	(39,873,764)	(44,480,164)
Net Revenue	$32,930,525	$28,642,368	$26,602,500	$28,350,247	$38,808,642
Annual Debt Service Requirements	$16,994,196	$19,775,825	$22,121,151	$17,150,414	$24,985,745
Less: Capitalized Interest	-0-	2,837,926	4,061,585	-0-	734,451
Net Annual Debt Service Requirements	$16,994,196	$16,937,899	$18,059,566	$17,150,414	$24,251,294
Gross Revenue Debt Service Coverage [2]	3.86x	3.55x	3.00x	3.98x	3.33x
Net Revenue Debt Service Coverage	1.94x	1.45x	1.20x	1.65x	1.55x
Net Revenue Debt Service Coverage - Including Reduction of Debt Service Due to Capitalized Interest	1.94x	1.69x	1.47x	1.65x	1.60x

[1] As reported in the City's audited financial statements.

[2] Calculated using Gross Revenues adjusted for airline rental credit.

Source: City of San Antonio, Department of Finance.

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