✓

★ **Roll Call Number**

Agenda Item Number

38

Date November 5, 2007

RESOLUTION APPROVING THE FORM OF OFFERING DOCUMENTS FOR THE ISSUANCE OF NOT TO EXCEED $40,000,000 AVIATION SYSTEM REVENUE REFUNDING CAPITAL LOAN NOTES, SERIES 2007D, SERIES 2007E AND TAXABLE SERIES 2007F, AND AUTHORIZING EXECUTION AND DISTRIBUTION OF THE SAME

WHEREAS, this Council has previously instituted proceedings and resolved to take additional action for the authorization and the issuance of not to exceed $40,000,000 Aviation System Revenue Refunding Capital Loan Notes (the "Notes") for the purpose of paying costs of refunding and refinancing of the outstanding Aviation System Revenue Bonds, Series 1998A, Series 1998B and Taxable Series 1998C, dated April 1, 1998; and

WHEREAS, forms of a Preliminary Official Statement and Continuing Disclosure Certificate have been prepared for the purpose of offering said Notes to the public, and such documents have been determined to be in appropriate forms for the purposes thereof.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DES MOINES, IOWA:

Section 1. The Preliminary Official Statement, including the Continuing Disclosure Certificate included as a part thereof, is authorized and approved in substantially the form and content now before this meeting, but subject to completion or modification as may be deemed necessary or advisable by the Finance Director, upon the advice of legal counsel, and may be executed by him on behalf of the City and delivered to the underwriters of the Notes at such time and with such changes, modifications, additions or deletions therein as he shall determine to be appropriate, his execution thereof to constitute conclusive evidence of his approval of any and all changes from the form and content of the same now before this meeting. The preliminary Official Statement in the form executed by the Finance Director shall be deemed final for purposes of SEC Rule 15c2-12, and is authorized to be distributed in connection with the offering of the Notes for sale.

★Roll Call Number

Agenda Item Number

38

November 5, 2007

Date

Moved by: ______________________________ to adopt.

Form approved: ______________________________

Deputy City Attorney

DCORNELL/ 555900.1 /MSWord\10387208

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
HENSLEY				
KIERNAN				
MAHAFFEY				
MEYER				
VLASSIS				
TOTAL				

MOTION CARRIED APPROVED

______________________________ Mayor

CERTIFICATE

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

______________________________ City Clerk

38

AHLERS & COONEY, P.C.

100 COURT AVENUE, SUITE 600
DES MOINES, IOWA 50309-2231
PHONE: 515-243-7611
FAX: 515-243-2149
WWW.AHLERSLAW.COM

WILLIAM J. NOTH
wnoth@ahlerslaw.com

Direct Dial:
(515)246-0332

November 1, 2007

Ms. Diane Rauh
City Clerk
City of Des Moines
400 Robert D. Ray Drive
Des Moines, Iowa 50309

RE: Not to exceed $40,000,000
Aviation System Revenue Refunding Capital Loan Notes,
Series 2007D, Series 2007E and Taxable Series 2007F

Dear Diane:

At the request of Allen McKinley, I am enclosing the original copy of a Roll Call for City Council consideration at its meeting on November 5, 2007, approving the form of offering documents to be used in connection with the issuance of the above-referenced Notes.

Distribution of the preliminary Official Statement to potential investors does not obligate the City Council to agree to sell the Notes or authorize their issuance at some future date. That can only be accomplished through the Council's approval of a note purchase agreement and passage of a resolution authorizing issuance of the Notes.

As always, we would appreciate if you would have a certified copy of the enclosed Roll Call returned to us for our transcript of the action taken.

38

Should you have any questions concerning the Roll Call, please don't hesitate to call me.

Yours very truly,

William J. Noth

WJN:dc
encl.

cc: Allen McKinley

DCORNELL/ 558815.1 /MSWord\10387208

NEW ISSUE - BOOK-ENTRY-ONLY **RATINGS: See "RATINGS" herein.**

In the opinion of Bond Counsel, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the City described herein (i) interest on the Series 2007D Notes paid to the owners thereof is excluded from gross income for purposes of present federal income taxation except for the branch profits and alternative minimum taxes more fully discussed under the heading "TAX MATTERS" herein, (ii) interest on the Series 2007E Notes is not includable in gross income of the owners thereof for federal income tax purposes, except for interest on any Series 2007E Note for any period during which the Series 2007E Note is owned by a person who is a substantial user of the projects financed with the proceeds of the Series 2007E Notes or any person considered to be related to such person (within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended), but such interest is included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations and (iii) interest on the Series 2007F Notes is includable in the gross income of the owners thereof for federal income tax purposes. Interest on the Series 2007 Notes is not exempt from present Iowa income taxes. See "TAX MATTERS AFFECTING THE SERIES 2007D AND SERIES 2007E NOTES" and "TAXABILITY OF INTEREST-SERIES 2007F NOTES" herein and the forms of opinions of Bond Counsel attached hereto as APPENDIX E.

$[total principal amount]
City of Des Moines, Iowa
Aviation System Revenue Refunding Capital Loan Notes

$________	$__________	$__________
Series 2007D	**Series 2007E**	**Series 2007F**
(NON-AMT)	**(AMT)**	**(Taxable)**

(together referred to as the "Series 2007 Notes")

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

The City of Des Moines, Iowa, Aviation System Revenue Refunding Capital Loan Notes, Series 2007 (the "Series 2007 Notes") will be issued by the City of Des Moines, Iowa (the "City"), under and pursuant to a Master Resolution adopted by the City Council of the City on __________ _____, 2007, (the "Master Resolution").

The Series 2007 Notes are limited obligations of the City, payable solely from Pledged Revenues, as defined herein, to be derived by the City from the operation of the Des Moines International Airport (the "Airport") and any other airport, heliport and aviation system operated by the City (together with the Airport, the "Aviation System"). The Series 2007 Notes and the interest thereon shall not constitute a general or moral obligation of the City nor a debt, indebtedness, or obligations of, or a pledge of the faith and credit of, the City or the State of Iowa or any political subdivision thereof, within the meaning of any constitutional, statutory or charter provision whatsoever. Neither the faith and credit nor any taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or interest on the Series 2007 Notes or other costs incident thereto. The City has no authority to levy any taxes to pay the Series 2007 Notes. The Series 2007 Notes will be secured on a parity basis with any additional bonds issued under the Master Resolution as more fully described herein.

The proceeds of the Series 2007 Notes, together with other available funds, will be used to: (i) refund all of the 1998 Notes issued under a Resolution adopted by the City Council of the City on April 20, 1998, for the purpose of achieving interest cost savings; (ii) fund the reserve requirement for the Series 2007 Notes; and (iii) pay costs of issuing the Series 2007 Notes.

Interest on the Series 2007D and 2007F Notes is payable on June 1 and December 1 of each year commencing on June 1, 2008, until maturity or prior redemption and interest on the Series 2007E Notes is payable on June 1 and December 1 of each year commencing on December 1, 2008, until maturity or prior redemption. The Series 2007 Notes are initially issuable only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the book-entry-only system described herein. Beneficial ownership may be acquired in denominations of $5,000 or any integral multiples thereof. No physical delivery of the Series 2007 Notes will be made to the purchasers. Principal of and interest on the Series 2007 Notes will be payable at the office of the City Treasurer of the City. See "THE SERIES 2007 NOTES - Book-Entry-Only System."

The scheduled payment of principal of and interest on the Series 2007 Notes when due will be guaranteed under insurance policies to be issued concurrently with the delivery of the Series 2007 Notes by _____.

[INSERT INSURANCE COMPANY LOGO]

Certain Series 2007 Notes are subject to optional redemption prior to maturity as described herein. See "THE SERIES 2007 NOTES - Redemption Provisions."

See the inside cover page for maturities, principal amounts, interest rates and yields.

The Series 2007 Notes are offered when, as and if issued by the City and received by the Underwriter (as defined herein) and subject to prior sale, withdrawal or modification of the offer without notice and the approval of legality of the Series 2007 Notes by Ahlers & Cooney, P.C., Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the City by Bruce Bergman, City Attorney, and for the Underwriter by Davis, Brown, Koehn, Shors & Roberts, P.C., Des Moines, Iowa. It is expected that the Series 2007D and 2007F Notes in book-entry-only form will be available for delivery through the facilities of DTC in New York, New York, on or about December __, 2007 and that the Series 2007E Notes in book-entry-only form will be available for delivery through the facilities of DTC in New York, New York, on or about _____, 2008.

Merrill Lynch & Co.

This cover page contains certain information for quick reference only. It is not a summary of this Official Statement. Investors must read the entire Official Statement to obtain information essential to making of an informed investment decision, including, but not limited to matters described in "CERTAIN INVESTMENT CONSIDERATIONS".

The date of this Official Statement is November __, 2007.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND YIELDS

SERIES 2007D NOTES (NON-AMT)

$________ Serial Notes

Maturity Date	Principal Amount	Interest Rate	Price or Yield	CUSIP Numbers[1]

SERIES 2007E NOTES (AMT)

$________ Serial Notes

Maturity Date	Principal Amount	Interest Rate	Price or Yield	CUSIP Numbers[1]

SERIES 2007F NOTES (TAXABLE)

$________ Serial Notes

Maturity Date	Principal Amount	Interest Rate	Price or Yield	CUSIP Numbers[1]

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[1] Copyright 2005, American Bankers Association. CUSIP data herein is provided by Standard and Poor's CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc. CUSIP data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. CUSIP numbers are provided for convenience of reference only. Neither the City, the Aviation System, nor the Underwriter takes any responsibility for the accuracy of such CUSIP numbers. CUSIP numbers are provided only for the convenience of the reader.

CITY OF DES MOINES
OFFICIALS

Frank Cownie, Mayor

CITY COUNCIL MEMBERS

Thomas Vlassis - Ward I	Brian Meyer - Ward IV
Robert Mahaffey - Ward II	Christopher Coleman - At Large
Christine Hensley-Ward III	Michael Kiernan - At Large

OTHER CITY OFFICIALS

Richard Clark, City Manager
Merrill Stanley, Deputy City Manager
Diane Rauh, City Clerk
Bruce Bergman, City Attorney

CITY AIRPORT BOARD

James Erickson, Board Chairman

Brice Ashman	Roger Brooks	Nolden Gentry
Edgar Hansell	Thomas Ross	Elizabeth Ward

AIRPORT OFFICIALS

Craig Smith, A.A.E., Aviation Director
Shawn Arena, A.A.E., Deputy Aviation Director of Operations and Maintenance
Tim Stiles, CPA, Deputy Aviation Director of Finance and Administration
David A. Ferree, Assistant City Attorney

FINANCIAL ADVISORS

Public Financial Management

BOND COUNSEL

Ahlers & Cooney, P.C.

This Official Statement is provided in connection with the initial offering and sale of the Series 2007 Notes referred to herein and may not be reproduced or be used, in whole or in part, for any other purpose. The information contained in this Official Statement has been derived from information provided by the City, the Aviation System, the Bond Insurer (all as hereinafter defined) and other sources which are believed to be reliable. The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

No dealer, broker, salesman or other person has been authorized by the City, the Aviation System, the Bond Insurer or the Underwriter to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations should not be relied upon as having been authorized by any of the foregoing. 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 Series 2007 Notes, by any person in any state in which it is unlawful for such person to make such offer, solicitation or sale.

The information and expressions of opinion herein speak as of their date unless otherwise noted and are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the City, the Aviation System or the Bond Insurer since the date hereof (or since the date of any information included herein that is dated other than the date hereof).

The Series 2007 Notes have not been registered with the United States Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended (the "Securities Act") in reliance upon the exemption contained in Section 3(a)(2) of such act. The Master Resolution has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon an exemption contained in such act. The registration or qualification of the Series 2007 Notes in accordance with applicable provisions of securities laws of any states in which the Series 2007 Notes have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Neither these states nor any of their agencies have passed upon the merits of the Series 2007 Notes or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2007 NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included in or incorporated by reference in this Official Statement that are not purely historical are "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 (the "Exchange Act"), and Section 27A of the Securities Act and reflect the City's current expectations, hopes, intentions, or strategies regarding the future. Such statements may be identifiable by the terminology used such as "plan," "expect," "estimate," "budget," "intend" or other similar words.

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Included in such risks and uncertainties are (i) those relating to the possible invalidity of the underlying assumptions and estimates, (ii) possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances, and (iii) conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately. For these reasons, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

Undue reliance should not be placed on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur or fail to occur, other than as indicated under the caption "Continuing Disclosure" herein.

TABLE OF CONTENTS

OFFICIAL STATEMENT

Relating to

$[total principal amount]
City of Des Moines, Iowa
Aviation System Revenue Refunding Capital Loan Notes

$_______	$__________	$__________
Series 2007D (NON-AMT)	**Series 2007E (AMT)**	**Series 2007F (Taxable)**

(together referred to as the "Series 2007 Notes")

INTRODUCTION

This introduction is only a brief description and summary of certain information contained in this Official Statement and is qualified in its entirety by reference to the more complete and detailed information contained in the entire Official Statement, including the cover page, inside cover page and appendices (collectively, the "Official Statement") and the documents summarized or described herein. Unless otherwise defined herein, certain capitalized words and terms used in this Official Statement have the meanings given to them in **APPENDIX B - "Summary of Certain Provisions of the Master Resolution."**

This Official Statement is furnished in connection with the offering by the City of Des Moines, Iowa (the "City") of its $__________ aggregate principal amount of Aviation System Revenue Refunding Capital Loan Notes, Series 2007 (the "Series 2007 Notes"), consisting of $__________ Aviation System Revenue Refunding Notes, Series 2007D (the "Series 2007D Notes"), $____________ Aviation System Revenue Refunding Notes, Series 2007E (the "Series 2007E Notes") and $__________ Aviation System Revenue Refunding Notes, Taxable Series 2007F (the "Series 2007F Notes"). **Investors must read the entire Official Statement, including the cover page, inside cover page and appendices, to obtain information essential to making an informed investment decision.**

The Series 2007 Notes are issued under authority of the constitution and laws of the State of Iowa, including Chapter 384 of the Code of Iowa, as amended. The Series 2007 Notes are issued pursuant to the Master Resolution (the "Master Resolution") adopted by the City Council of the City on November __, 2007. For a summary of the Master Resolution, see **APPENDIX B - "Summary of Certain Provisions of the Master Resolution."**

The Master Resolution authorizes the issuance of additional senior or subordinate lien bonds or notes (the "Bonds") subject to requirements specified in the Master Resolution. The Series 2007 Notes, together with any additional Senior Bonds and Refunding Bonds hereafter issued and outstanding are referred to herein as the "Outstanding Bonds." See **"THE SERIES 2007 NOTES - Security and Sources of Payment - Additional Senior Bonds and Refunding Bonds."**

Because of federal income tax law requirements governing the issuance of current refunding bonds, the Series 2007E Notes cannot be issued on a tax-exempt basis more than 90 days prior to the redemption of the Refunded Bonds. To take advantage of current interest rates, the City has authorized the issuance of the Series 2007E Notes, but will delay the issuance and delivery of the Series 2007E Notes to on or about _____, 2008.

The City and the Aviation System

The City is a municipal corporation and political subdivision of the State of Iowa. As used herein, the term "Aviation System" refers to all airport, heliport and aviation facilities as defined under the Master Resolution, which presently consists of the Des Moines International Airport and its related facilities (the "Airport"). The Airport is owned by the City and operated by the Airport Board of the City (the "Airport Board"). The Airport Board was created in 1982 by the City Council and consists of seven citizens appointed by the City Council. It is responsible for the planning, development, management and operation of the Airport. See **"THE AIRPORT - Airport Management."**

Use of Proceeds

The proceeds of the Series 2007D Notes, together with other available funds, will be used to (i) refund and refinance the outstanding Aviation System Revenue Bonds, Series 1998A, dated April 1, 1998; (ii) fund the Debt Service Reserve Requirement for the Series 2007D Notes; and (iii) to pay related costs of issuance. The proceeds of the 2007E Notes, together with other available funds, will be used to (i) refund and refinance the outstanding Aviation System Revenue Bonds, Series 1998B, dated April 1, 1998; (ii) fund the Debt Service Reserve Requirement for the Series 2007E Notes; and (iii) pay related costs of issuance. The proceeds of the Series 2007F Notes, together with other available funds, will be used to (i) refund and refinance the outstanding Aviation System Revenue Bonds, Taxable Series 1998C, dated April 1, 1998; (ii) fund the Debt Service Reserve Requirement for the Series 2007F Notes; and (iii) to pay related costs of issuance.

The Series 2007D and 2007F Notes will be delivered on or about December __, 2007 and the Series 2007E Notes will be delivered on or about ____, 2008.

For further information regarding the use of proceeds of, and the plan of finance for, the Series 2007 Notes, see **"PLAN OF FINANCE."**

Security and Sources of Payment

The Series 2007 Notes are limited obligations of the City solely from the Pledged Revenues derived from the operation of the Aviation System and certain other funds pledged under the Master Resolution, subject to the application thereof in accordance with the Master Resolution, including the Debt Service Reserve Fund, all as more fully described in **"THE SERIES 2007 NOTES - Security and Sources of Payment."** The principal sources of Pledged Revenues are the rates and charges generated under agreements between the City and the airlines serving the Airport as well as payments under concession contracts at the Airport. **See "CERTAIN AGREEMENTS FOR USE OF THE AIRPORT'S FACILITIES."**

The Series 2007 Notes and the interest thereon shall not constitute a general or moral obligation of the City nor a debt, indebtedness, or obligations of, or a pledge of the faith and credit of, the City or the State of Iowa or any political subdivision thereof, within the meaning of any constitutional, statutory or charter provision whatsoever. Neither the faith and credit nor any taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or interest on the Series 2007 Notes or other costs incident thereto. The City has no authority to levy any taxes to pay the Series 2007 Notes.

The City may issue from time to time subordinate debt and special facilities obligations. See "**THE SERIES 2007 NOTES – Subordinated Indebtedness and Special Facilities Indebtedness.**"

Additional Senior Bonds

Subject to certain terms and conditions, the City may issue additional Senior Bonds from time to time to finance capital improvements to the Aviation System. The City may issue Refunding Bonds for the purpose of refunding principal and/or interest components of any Outstanding Bonds, any Subordinate Bonds or any other obligations issued to finance improvements to the Aviation System. Additional Senior Bonds and Refunding Bonds will be equally and ratably secured on a parity with the Series 2007 Notes and other Outstanding Bonds.

The City may issue additional Senior Bonds if the requirements for the issuance of additional Senior Bonds under the Master Resolution (the "Additional Bonds Test") are met. The City may issue Refunding Bonds if the Additional Bonds Test is met, or if the City shall have obtained a report from an Independent Auditor or a Financial Advisor demonstrating that (a) the aggregate Debt Service Requirement in each Fiscal Year with respect to all Senior Bonds to be Outstanding after issuance of such Refunding Bonds will be less than the aggregate Debt Service Requirement in each such Fiscal Year through the last Fiscal year in which Senior Bonds are Outstanding prior to the issuance of such Refunding Bonds, and (b) the Maximum Annual Debt Service with respect to all Outstanding Senior Bonds after issuance of such Refunding Bonds will not exceed the Maximum Annual Debt Service with respect to all Outstanding Senior Bonds immediately prior to such issuance. See **"THE SERIES 2007 NOTES - Additional Senior Bonds and Refunding Bonds - Additional Senior Bonds."**

Redemption

Certain Series 2007 Notes are subject to optional redemption prior to maturity. **See "THE SERIES 2007 NOTES - Redemption Provisions."**

Certain Investment Considerations

The Series 2007 Notes may not be suitable for all investors. Prospective purchasers of the Series 2007 Notes should give careful consideration to the information set forth in this Official Statement including, but not limited to, the matters discussed or referred to under "**CERTAIN**

INVESTMENT CONSIDERATIONS." These considerations include, among others, the following: (1) events adversely affecting the air transportation system and the Airport; (2) the possible termination or expiration of the Use Agreements and the Operating Agreements (see **"CERTAIN AGREEMENTS FOR USE OF THE AIRPORT'S FACILITIES"**) governing the use of the Airport by certain Airlines and the rentals, fees and charges required to be paid for such use; (3) the possible effect of an airline bankruptcy on the Use Agreements; and (4) the financial health of the airline industry and certain airlines serving the Airport. See also **"FACTORS AFFECTING THE AIRPORT AND AIR CARRIER INDUSTRY,"** for a more comprehensive discussion of certain investment considerations.

Municipal Bond Insurance

The scheduled payment of principal of and interest on the Series 2007 Notes when due will be guaranteed under insurance policies to be issued concurrently with the delivery of the Series 2007 Notes by ______________.

Miscellaneous

This Official Statement contains brief descriptions of, among other things, the Master Resolution, the Series 2007 Notes, the City, the Airport, Airport Use and Operating Agreements, the Continuing Disclosure Certificate, the Audited Financial Statements of the Aviation System, and the Aviation System's capital improvement programs. Such descriptions do not purport to be comprehensive or definitive. All references in this Official Statement to any documents are qualified in their entirety by reference to such documents, and references to the Series 2007 Notes are qualified in their entirety by reference to the form of the Series 2007 Notes included in the form of the Master Resolution. Upon the issuance of the Series 2007 Notes, the Master Resolution and the Continuing Disclosure Certificate will be available for inspection at the offices of the City Clerk of the City. All other documents referenced above are attached as appendices or available for inspection at the offices of the Aviation System.

Certain financial statements of the Aviation System are included as **APPENDIX A**. Definitions and a summary of certain provisions of the Master Resolution are included as **APPENDIX B**, and all capitalized terms used in this Official Statement and not otherwise defined in the Official Statement shall have the meanings set forth in **APPENDIX B** or, with respect to terms defined under the Aviation System Use and Operating Agreements, in **APPENDIX C**. A summary of certain provisions of the Aviation System Use and Operating Agreements is included as **APPENDIX C**. A description of the book-entry-only system maintained by DTC is set forth in **APPENDIX D**. The substantially final text of the opinions to be delivered by Bond Counsel is included as **APPENDIX E**. The City will execute Continuing Disclosure Certificate (the "Disclosure Certificate"), the form of which is attached as **APPENDIX F**, to assist the Underwriter in complying with the provisions of Rule 15c2-12 (the "Rule"), promulgated by the SEC under the Exchange Act, by providing annual financial and operating data and material event notices required by the Rule. See **"CONTINUING DISCLOSURE"** and **APPENDIX F - "Form of the Continuing Disclosure Certificate."**

The information in this Official Statement is subject to change without notice, and neither the delivery of this Official Statement nor any sale made pursuant hereto shall under any circumstances, create an implication that there has been no change in the affairs of the City, the Aviation System or the Bond Insurer since the date hereof. This Official Statement is not to be construed as a contract or agreement between the City or the Underwriter and purchasers or owners of any of the Series 2007 Notes.

THE SERIES 2007 NOTES

The Series 2007 Notes are being issued under the Master Resolution. Reference is hereby made to the Master Resolution in its entirety for the detailed provisions pertaining to the Series 2007 Notes. See also APPENDIX B - "Summary of Certain Provisions of the Master Resolution."

General

The Series 2007 Notes will be dated as of the date of their original issuance and delivery and will mature and bear interest as set forth on the inside cover page of this Official Statement. The Series 2007 Notes are issued as fully registered notes in denominations of $5,000 or integral multiples thereof.

The principal of and redemption premium, if any, on the Series 2007 Notes will be payable at maturity or upon earlier redemption to the persons in whose name such Series 2007 Notes are registered upon presentation and surrender of such Series 2007 Notes at the office of City Treasurer of the City in Des Moines, Iowa. Interest on the Series 2007D and 2007F Notes is payable semiannually on June 1 and December 1 of each year, commencing June 1, 2008, until maturity or prior redemption, and interest on the Series 2007E Notes is payable semiannually on June 1 and December 1 of each year, commencing on December 1, 2008, until maturity or prior redemption.

Book-Entry-Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2007 Notes. The Series 2007 Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Note certificate will be issued for each maturity of the Series 2007 Notes in the aggregate principal amount of such maturity, and will be deposited with DTC. For additional information regarding DTC and DTC's book-entry-only system, see **APPENDIX D - "DTC Information."**

*In reading this Official Statement, it should be understood that while the Series 2007 Notes are in book-entry-only form, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Series 2007 Notes, but (i) all rights of ownership must be exercised through DTC and its book-entry-only system, and (ii) except as described in "**APPENDIX D,**" notices that are to be given to registered owners under the Master Resolution shall be given only to DTC.*

Redemption Provisions

Certain Series 2007 Notes are subject to optional redemption as described below.

Optional Redemption

(a) Redemption Generally. The Bonds shall be subject to optional and mandatory redemption as provided in the Series Resolution pursuant to which such series of Bonds are issued.

(b) Optional Redemption of Series 2007D Notes. The Series 2007D Notes maturing after ______, 20__, may be called for redemption by the Issuer and paid before maturity on ______, 20___ or any date thereafter, from any funds regardless of source, in whole or in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be ___________, plus accrued interest to date of call.

(c) Optional Redemption of Series 2007E Notes. The Series 2007E Notes maturing after ______, 20__, may be called for redemption by the Issuer and paid before maturity on ______, 20___ or any date thereafter, from any funds regardless of source, in whole or in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be ____________, plus accrued interest to date of call.

(d) Optional Redemption of Series 2007F Notes. The Series 2007F Notes maturing after ______, 20__, may be called for redemption by the Issuer and paid before maturity on ______, 20___ or any date thereafter, from any funds regardless of source, in whole or in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be _____________, plus accrued interest to date of call.

Method of Selecting Series 2007 Notes for Redemption

If less than all of the Series 2007 Notes of like maturity of any series shall be called for redemption, the particular Series 2007 Notes, or portions of Series 2007 Notes, to be redeemed shall be selected by the Paying Agent in such equitable manner as the Paying Agent may determine. The portion of any Series 2007 Notes of a denomination of more than $5,000 to be redeemed shall be in the Principal amount of $5,000 or any integral multiple thereof, and, in selecting portions of such Series 2007 Notes for redemption, the City shall treat each such Series 2007 Note as representing that number of Series 2007 Notes which is obtained by dividing the Principal of such Series 2007 Note to be redeemed in part by $5,000; provided, however, that with respect to Variable Rate Bonds, the portion of any such Series 2007 Note of a denomination of more than $100,000 to be redeemed shall be in the Principal amount of $100,000 or an integral multiple of $5,000 in excess thereof, and, in selecting portions of such Series 2007 Note for redemption, the City shall treat each such Series 2007 Note as representing that number of Series 2007 Notes which are obtained by dividing the Principal of such Series 2007 Note to be redeemed in part by $100,000 or $5,000 or an integral multiple of $5,000 in excess thereof.

Official notice of redemption having been given in the manner and under the conditions provided in this Article and moneys for payment of redemption price being held by the Paying

Agent as provided in the Series Resolution, the Series 2007 Notes or portions of Series 2007 Notes called for redemption shall, on the redemption date designated in such notice, become due and payable at the redemption price provided for redemption of such Series 2007 Notes or portions of Series 2007 Notes on such date, and from and after such date interest on the Series 2007 Notes or portions of Series 2007 Notes called for redemption shall cease to accrue, such Series 2007 Notes or portions of Series 2007 Notes shall cease to be entitled to any lien, benefit, or security under the Series Resolution, and the owners of such Series 2007 Notes or portions of Series 2007 Notes shall have no rights in respect thereof except to receive payment of the redemption price thereof. Upon surrender for partial redemption of any Series 2007 Note, there shall be prepared for and delivered to the registered owner a new Series 2007 Note or Series 2007 Notes of the same series, maturity, and interest rate in the amount of the unpaid Principal.

Notice of Redemption

Unless waived by any registered owner of Bonds to be redeemed and except as may otherwise be provided in a Series Resolution, official notice of any such redemption shall be given by the Registrar of the bonds to be redeemed on behalf of the City by mailing a copy of an official redemption notice by first class mail, at least 30 days prior to the date fixed for redemption to the registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Registrar.

All official notices of redemption shall be dated, shall contain the complete official name of the Bond issue and shall state: (1) the redemption date; (2) the redemption price; (3) the interest rate (unless such Bonds bear interest at a Variable Rate), maturity date and CUSIP numbers of the Bonds being redeemed; (4) if less than all the Outstanding Bonds are to be redeemed, the Bond numbers, and, where part of the Bonds evidenced by one Bond certificate are being redeemed, the respective Principal amounts of such Bonds to be redeemed; (5) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after such date; and (6) the place where such Bonds are to be surrendered for payment of the redemption price (which place shall be the principal payment office of the Paying Agent or at such other office designated by the Paying Agent for such purpose) and the name, address, and telephone number of a person or persons at the Paying Agent who may be contacted with respect to the redemption.

Any notice of an optional redemption of any Bonds (pursuant to Section 3.1(b) or (c) or (d) of the Master Resolution or any other Series Resolution) may specify that the redemption is contingent upon the deposit of moneys with the Paying Agent in an amount sufficient to pay the redemption price (which price shall include the redemption premium, if any) of all the Bonds or portions of Bonds which are to be redeemed on that date.

Prior to any redemption date, the City shall deposit with the Paying Agent an amount of money sufficient to pay the redemption price of all Bonds or portions of Bonds which are to be redeemed on that date.

For so long as DTC is affecting book-entry transfers of the Bonds, the Registrar shall provide the notices specified in this Section to DTC. It is expected that DTC shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial

Owners. Any failure on the part of DTC or a Participant, or failure on the part of a nominee of a Beneficial Owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

Any defect in the notice of redemption shall not affect the validity of proceedings for redemption of the Bonds.

Security and Sources of Payment

General

The Series 2007 Notes and the interest thereon shall not constitute a general or moral obligation of the City nor a debt, indebtedness, or obligations of, or a pledge of the faith and credit of, the City or the State or any political subdivision thereof, within the meaning of any constitutional, statutory or charter provision whatsoever. Neither the faith and credit nor any taxing power of the State or any political subdivision thereof is pledged to the payment of the Principal of, premium, if any, or interest on the Series 2007 Notes or other costs incident thereto. The City has no authority to levy any taxes to pay the Series 2007 Notes.

The Series 2007 Notes are limited obligations of the City, payable solely from and secured, on a parity with any additional Senior Bonds which may be issued from time to time, by (i) Pledged Revenues, and (ii) the pledged funds held or set aside under the Master Resolution. None of the properties of the Aviation System have been pledged or mortgaged to secure payment on the Notes, including the Series 2007 Notes.

Pledge of Revenues

Under the Master Resolution, "Pledged Revenues" means collectively, the "Net Revenues," the "Hedge Receipts" (each defined below) and all moneys paid or required to be paid into, and all moneys and securities on deposit from time to time in, the funds and accounts specified in the Master Resolution, but excluding the amounts required in the Master Resolution to be set aside pending, or used for, rebate to the United States government pursuant to Section 148(f) of the Code. The Master Resolution defines *Net Revenues* as Revenues of the Aviation System less Operation and Maintenance Expenses.

> *Revenues.* Except as specially excluded herefrom the term "Revenues" shall mean all income, receipts, earnings and revenues received by the City from the operation and ownership of the Aviation System, as determined in accordance with generally accepted accounting principles, as modified from time to time, including, but not limited to, (a) rates, tolls, fees, rentals, charges and other payments made to or owed to the City for the use or availability of the Aviation System, and (b) amounts received or owed from the sale or provision of supplies, materials, goods and services provided by or made available by the Aviation System, including rental or business interruption insurance proceeds, received by, held by, accrued to or entitled to be received by the City or any successor thereto from the possession, management, charge, superintendence and control of the Aviation System and its related facilities or activities and undertakings related thereto or from any other facilities wherever located with respect to which the City receives payments which are attributable to

the Aviation System or activities or undertakings related thereto. Additionally, "Revenues" shall also include amounts received from tenants representing the principal portion of payments received pursuant to certain self-liquidating lease agreements, all income, receipts and earnings from the investment of amounts held in the Aviation System Revenue Fund, the Operation and Maintenance Fund, the Bond Principal and Interest Fund (except Capitalized Interest on deposit therein), the Debt Service Reserve Fund and the Surplus Fund and such additional revenues, if any, as are designated as "Revenues" under the terms of any Supplemental Resolution. The following, including any Investment Earnings thereon, are specifically ***excluded*** from Revenues: (i) any amounts received by the City from the imposition of ad valorem taxes, (ii) gifts, grants and other income (including any investment earnings thereon) otherwise included in this definition of "Revenues" which are restricted by their terms to purposes inconsistent with the payment of debt service on the Bonds, (iii) insurance proceeds, to the extent the use of such proceeds is restricted by the terms of the policy under which they are paid to a use inconsistent with the payment of debt service on the Bonds (except to the extent proceeds are utilized to pay Operation and Maintenance Expenses of the Aviation System), and (iv) Special Facilities Revenue (to the extent there is no excess Special Facilities Revenue as described in Section 7.6 of the Master Resolution). In addition, the following, including any Investment Earnings thereon, are specifically ***excluded*** from "Revenues," unless designated as "Revenues" under the terms of a Supplemental Resolution: (A) any termination payments paid to the City pursuant to a Hedge Agreement, (B) Customer Facility Charges, (C) Passenger Facility Charges and Investment Earnings thereon, (D) grants and other charges authorized on or after the date of the Master Resolution by federal and/or State laws or regulations to be assessed to fund specific programs at the Aviation System, (E) investment income derived from any moneys or securities which may be placed in escrow or trust to defease Bonds, (F) any arbitrage earnings which are required to be paid to the U.S. Government pursuant to Section 148 of the Code and (G) Capitalized Interest. Further, Investment Earnings on any account established in the Project Fund are specifically excluded from "Revenues," unless otherwise provided for in such Supplemental Resolution.

The principal sources of Revenues are the rates and charges generated under agreements between the City and the airlines serving the Aviation System as well as payments under concession contracts at the Aviation System. See **"CERTAIN AGREEMENTS FOR USE OF THE AIRPORT'S FACILITIES."**

Rate Covenant

Under the Master Resolution, the City has covenanted that it will at all times while any Bonds remain outstanding, fix, charge, impose and collect rentals, rates, fees, and other charges for the use of the Aviation System, and to the extent it legally may do so, revise the same as may be necessary or appropriate, in order that in each Fiscal Year the Net Revenues, when added to the Transferred Amount, are fully sufficient at all times to provide the larger of: (i) the amounts needed to make the required deposits in such Fiscal Year to the credit of the Bond Principal and Interest Fund, the Debt Service Reserve Fund, the Rebate Fund, the Subordinate Bond Fund, the Operation and Maintenance Reserve Account, the Repair and Replacement Account and the General

Obligation Bond Fund; or (ii) an amount not less than 125% of the Debt Service Requirements for all Senior Bonds then Outstanding for the year of computation.

Debt Service Reserve Fund

Upon the issuance of the Series 2007D Notes, the Series 2007E Notes, and Series 2007F Notes, the City shall deposit into the Debt Service Reserve Fund the amounts specified in Sections 4.1, 4.2 and 4.3 of the Master Resolution, respectively. There also shall be deposited into the Debt Service Reserve Fund the amounts specified in Series Resolutions with respect to additional Senior Bonds. At the time of issuance of any Senior Bonds, the increase in the amount of the Debt Service Reserve Requirement resulting from the issuance of such Senior Bonds shall be deposited in the Debt Service Reserve Fund from the proceeds of such Senior Bonds or from other funds on hand. The balance of the Debt Service Reserve Fund shall be maintained at an amount equal to the Debt Service Reserve Requirement (or such lesser amount that is required to be accumulated in the Debt Service Reserve Fund in connection with the periodic accumulation to the Debt Service Reserve Requirement upon the failure of the City to provide a substitute Reserve Account Credit Facility in certain events).

There shall be transferred from the Aviation System Revenue Fund on a pro rata basis (1) to the Debt Service Reserve Fund the amount necessary to restore, as further described below, the amount of cash and securities in the Debt Service Reserve Fund to an amount equal to the difference between (a) the Debt Service Reserve Requirement (or such lesser monthly amount that is required to be deposited into the Debt Service Reserve Fund upon the failure of the City to provide a substitute Reserve Account Credit Facility in certain events) and (b) the portion of the required balance of the Debt Service Reserve Fund satisfied by means of a Reserve Account Credit Facility, and (2) to any Reserve Account Credit Facility Provider the amount necessary to reinstate any Reserve Account Credit Facility which has been drawn down. Whenever for any reason the amount in the Sinking Fund is insufficient to pay all interest or Principal becoming due on the Senior Bonds within the next seven days (or, in the case of Senior Bonds bearing interest at a Variable Rate, on the next Business Day), the City shall make up any deficiency by transfers from the Surplus Fund. Whenever, on the date that such interest or Principal is due, there are insufficient moneys in the Sinking Fund available to make such payment, the City shall, without further instructions, apply so much as may be needed of the moneys in the Debt Service Reserve Fund to prevent default in the payment of such interest or Principal, with priority to interest payments. Whenever by reason of such application or otherwise the amount remaining to the credit of the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement, such deficiency shall be remedied by not more than twelve (12) equal monthly deposits from the Aviation System Revenue Fund, to the extent funds are available fro such purposes after all required transfers set forth above have been made.

The City may elect to satisfy in whole or in part the Debt Service Reserve Requirement by means of a Reserve Account Credit Facility, subject to the following requirements: (A) the Reserve Account Credit Facility Provider must have a credit rating issued by a Rating Agency not less than the then current Rating on the related series of Senior Bonds (or, in the case of a series of Senior Bonds supported by a Credit Facility, the underlying rating on such Senior Bonds); (B) the City shall not secure any obligation to the Reserve Account Credit Facility Provider by a lien equal to or superior to the lien granted to the related series of Senior Bonds; (C) each Reserve Account Credit Facility shall have a term of at least one (1) year (or, if less, the remaining term of the related series of Senior Bonds) and shall entitle the City to draw upon or demand payment and receive the amount so requested in immediately available funds on the date of such draw or demand; (D) the Reserve Account Credit Facility shall permit a drawing by the City for the full stated amount in the event (i) the Reserve Account Credit Facility expires or terminates for any reason prior to the final maturity of the related series of Senior Bonds, and (ii) the City fails to satisfy the Debt Service Reserve Requirement by the deposit to the Debt Service Reserve Fund of cash, obligations, a substitute Reserve Account Credit Facility, or any combination thereof, on or before the date of such expiration or termination; (E) if the Rating issued by the Rating Agency to the Reserve Account Credit Facility Provider is withdrawn or reduced below the Rating assigned to the related series of Senior Bonds immediately prior to such action by the Rating Agency, the City shall provide a substitute Reserve Account Credit Facility within sixty (60) days after such rating change, and, if no substitute Reserve Account Credit Facility is obtained by such date, shall fund the Debt Service Reserve Requirement in not more than twenty-four (24) equal monthly deposits commencing not later than the first day of the month immediately succeeding the date representing the end of such sixty (60) day period; (F) if the Reserve Account Credit Facility Provider commences any insolvency proceedings or is determined to be insolvent or fails to make payments when due on its obligations, the City shall provide a substitute Reserve Account Credit Facility within sixty (60) days thereafter, and, if no substitute Reserve Account Credit Facility is obtained by such date, shall fund the Debt Service Reserve Requirement in not more than twenty-four (24) equal monthly deposits commencing not later than the first day of the month immediately succeeding the date representing the end of such sixty (60) day period; and (G) the prior written consent of the Credit Facility Provider, as to the provider and the structure of the Reserve Account Credit Facility, shall be obtained by the City. If the events described in either clauses (E) or (F) above occur, the City shall not relinquish the Reserve Account Credit Facility at issue until after the Debt Service Reserve Requirement is fully satisfied by the provision of cash, obligations, or a substitute Reserve Account Credit Facility or any combination thereof. Any amount received from the Reserve Account Credit Facility shall be deposited directly into the Sinking Fund, and such deposit shall constitute the application of amounts in the Debt Service Reserve Fund. Repayment of any draw-down on the Reserve Account Credit Facility (other than repayments which reinstate the Reserve Account Credit Facility) and any interest or fees due the Reserve Account Credit Facility Provider under such Reserve Account Credit Facility shall be secured by a lien on the Pledged Revenues subordinate to payments into the Sinking Fund and the Rebate Fund and payments to any Credit Facility Provider securing Senior Bonds.

Any such Reserve Account Credit Facility shall be pledged to the benefit of the owners of all of the Senior Bonds secured by it. The City reserves the right, if it deems it necessary in order to acquire such a Reserve Account Credit Facility, to amend the Series Resolution without the consent of any of the owners of the Bonds in order to grant to the Reserve Account Credit Facility Provider such additional rights as it may demand, provided that such amendment shall not, in the written opinion of bond counsel filed with the City, impair or reduce the security granted to the owners of Senior Bonds or any of them.

See **APPENDIX B - "Summary of Certain Provisions of the Master Resolution."**

Flow of Funds

The following illustrates the flow of funds under the Master Resolution:

FLOW OF FUNDS

REVENUES

Aviation System Revenue Fund	All Revenues received shall be deposited into the Aviation System Revenue Fund.
Current Operation and Maintenance Account	Sufficient amounts will be transferred to this Account as required for the payment of all current Operation and Maintenance Expenses.
Bond Principal and Interest Fund	Each month, one-sixth of the interest due on the next Interest Payment Date, one-twelfth of the Principal due on the next Principal Maturity Date and an amount equal to all Hedge Payments thirty days prior to such payments coming due.
Debt Service Reserve Fund	Funds equal to the Debt Service Reserve Requirement will be deposited into this fund.
Rebate Fund	Amounts sufficient to be rebated under Internal Revenue Code § 148(f) shall be deposited into this fund.
Subordinate Bond Fund	Amounts required to be deposited into this fund by any Series Resolution authorizing the issuance of Subordinate Bonds.
Operation and Maintenance Reserve Account	Amounts equal to the lesser of (1) fifteen percent of the total amount of Operation and Maintenance Expenses approved in the most recent annual budget, or (2) an amount approved by the City Council in a Supplemental Resolution.
Repair and Replacement Account	Amounts equal to the lesser of (1) One Million Dollars or (2) an amount approved by the City Council in a Supplemental Resolution.
General Obligation Bond Fund	Amounts not exceeding the total due within the next twelve months for the payment of General Obligation Bond interest on and principal.
Surplus Fund	All remaining Revenues.

Additional Senior Bonds and Refunding Bonds

Additional Senior Bonds

Additional Senior Bonds, which are equally and ratably secured under the Master Resolution on a parity with Outstanding Bonds, also known as Senior Bonds under the Master Resolution, including the Series 2007 Notes, may be authorized and issued by the City upon satisfaction of certain conditions for the purpose of providing funds for the extension, improvement or enlargement of the Aviation System.

The City may issue such additional Senior Bonds on a parity with the Series 2007 Notes if there shall first be delivered to the Clerk either:

a. a certificate prepared by the Aviation Director showing the Net Revenues for any twelve (12) consecutive months out of the most recent eighteen (18) consecutive months immediately preceding the date of issuance of the proposed Series of Senior Bonds were at least equal to 125% of Maximum Annual Debt Service with respect to all Outstanding Senior Bonds and the proposed Series of Senior Bonds, calculated as if the proposed Series of Senior Bonds were then Outstanding; or

b. a certificate, dated as of a date between the date of pricing of the Bonds being issued and the date of delivery of such Bonds (both dates inclusive), prepared by a Financial Advisor showing that:

> (i) the Net Revenues for the last audited Fiscal Year or for any twelve (12)consecutive months out of the most recent eighteen (18)consecutive months immediately preceding the date of issuance of the proposed Series of Senior Bonds, were at least equal to 125% of the Debt Service Requirement due and payable with respect to all Outstanding Senior Bonds for such applicable period;
>
> (ii) for the period, if any, from and including the first full Fiscal Year following the issuance of such proposed Series of Senior Bonds through and including the last Fiscal Year during any part of which interest on such Series of Senior Bonds is expected to be paid from the proceeds thereof, the Financial Advisor estimates that the City will be in compliance with Section 7.2 of the Master Resolution; and
>
> (iii) for the period from and including the first full Fiscal Year following the issuance of such proposed Series of Senior Bonds during which no interest on such Series of Senior Bonds is expected to be paid from the proceeds thereof through and including the later of: (A) the fifth full Fiscal Year following the issuance of such Series of Senior Bonds, or (B) the third full Fiscal Year during which no interest on such Series of Senior Bonds is expected to be paid from the proceeds thereof, the estimated Net Revenues for each such Fiscal Year, will be at least equal to 125% of the Debt Service Requirement for each such Fiscal Year with respect to all Outstanding Senior Bonds, and calculated as if the proposed Series of Senior Bonds were then Outstanding.

For purposes of subsections (b)(ii) and (iii) above, in estimating Net Revenues, the Financial Advisor may take into account (1) Revenues from Projects or Airport Facilities reasonably expected to become available during the period for which the estimates are provided, (2) any increase in fees, rates, charges, rentals or other sources of Revenues which have been approved by the City and will be in effect during the period for which the estimates are provided, (3) any other increases in Revenues which the Financial Advisor believes to be a reasonable assumption for such period. With respect to Operation and Maintenance Expenses of the Aviation System, the Financial Advisor shall use such assumptions as the Financial Advisor believes to be reasonable, taking into account: (i) historical Operation and Maintenance Expenses of the Aviation System, (ii) Operation and Maintenance Expenses of the Aviation System associated with the Projects and any other new Airport Facilities, and (iii) such other factors, including inflation and changing operations or policies of the City, as the Financial Advisor believes to be appropriate. The Financial Advisor shall include in the certificate or in a separate accompanying report a description of the assumptions used and the calculations made in determining the estimated Net Revenues and shall also set forth the calculations of Debt Service Requirements.

For purposes of preparing the certificate or certificates described above, the Financial Advisor or the Aviation Director may rely upon financial statements prepared by the City which have not been subject to audit by an independent certified public accountant if audited financial statements for the Fiscal Year or period are not available; provided, however, that the Aviation Director shall certify as to their accuracy and that such financial statements were prepared substantially in accordance with generally accepted accounting principles, subject to year-end adjustments.

Neither of the certificates described above shall be required if the Bonds being issued are to pay costs of completing a Project for which Bonds have previously been issued and the principal amount of such Bonds being issued for completion purposes does not exceed an amount equal to 15% of the principal amount of the Bonds originally issued for such Project and reasonably allocable to the Project to be completed as shown in a written certificate of the Aviation Director and there is delivered to the Clerk (1) a Financial Advisor's certificate stating that the nature and purpose of such Project has not materially changed and (2) a certificate of the Aviation Director to the effect that (y) all of the proceeds (including investment earnings on amounts in the Project Fund allocable to such Project) of the original Bonds issued to finance such Project have been or will be used to pay Costs of the Project and (z) the then estimated Costs of the Project exceed the sum of the Costs of the Project already paid plus moneys available in the Project Fund established for the Project (including unspent proceeds of Bonds previously issued for such purpose).

Refunding Bonds

Any or all of the Senior Bonds may be refunded prior to maturity, upon redemption in accordance with their terms, or with the consent of the owners of such Senior Bonds, and the refunding Bonds so issued shall constitute Senior Bonds, if the Additional Bonds Test is met, or if the City shall have obtained a report from an Independent Auditor or a Financial Advisor demonstrating that (a) the aggregate Debt Service Requirement in each Fiscal Year with respect to all Senior Bonds to be Outstanding after issuance of such Refunding Bonds will be less than the aggregate Debt Service Requirement in each such Fiscal Year through the last Fiscal year in which

Senior Bonds are Outstanding prior to the issuance of such Refunding Bonds, and (b) the Maximum Annual Debt Service with respect to all Outstanding Senior Bonds after issuance of such Refunding Bonds will not exceed the Maximum Annual Debt Service with respect to all Outstanding Senior Bonds immediately prior to such issuance.

Subordinated Indebtedness

Bonds may also be issued on a subordinate basis to the Series 2007D Notes, the Series 2007E Notes, the Series 2007F Notes and any other Senior Bonds pursuant to a Series Resolution, and the Bonds so issued shall constitute Subordinate Bonds, if all of the following conditions are satisfied:

(1) The Series Resolution authorizing the Subordinate Bonds shall provide that such Subordinate Bonds shall be junior and subordinate in lien and right of payment to all Senior Bonds Outstanding at any time.

(2) The Series Resolution authorizing the Subordinate Bonds shall establish funds and accounts for the moneys to be used to pay debt service on the Subordinate Bonds, to pay Hedge Payments under Subordinate Hedge Agreements, and to provide reserves therefore.

(3) The Series Resolution authorizing the proposed Subordinate Bonds must require the proceeds of such proposed Subordinate Bonds to be used solely to make capital improvements to the Aviation System, to fund interest on the proposed Subordinate Bonds, to refund other obligations issued for such purposes (whether or not such refunding Bonds satisfy the requirements of Section 8.2 under the Master Resolution), and to pay expenses incidental thereto and to the issuance of the proposed Subordinate Bonds.

(4) The Series Resolution authorizing the proposed Subordinate Bonds may establish a Debt Service Requirement and rate covenant for such proposed Subordinate Bonds and include conditions for issuance of additional Subordinate Bonds.

(5) Notwithstanding anything to the contrary under this Section, all Other Airport Obligations, as defined in the Master Resolution, shall have the same status and priority of payment as Subordinate Bonds issued under this Section, and shall be paid from Revenues deposited in the Subordinate Bond Fund.

Special Facilities & Special Facility Obligations

The City shall be permitted to designate new or existing Airport Facilities as Special Facilities as permitted in the Master Resolution. The City may (a) designate a separately identifiable existing facility or planned facility as a "Special Facility," (b) pursuant to an indenture or other resolution and without a pledge of any Net Revenues, incur debt primarily for the purpose of acquiring, constructing, renovating or improving or providing financing or refinancing to a third party to acquire, construct, renovate or improve, such facility, (c) provide that certain of the contractual payments derived from or related to such Special Facility, together with other income and revenues available to the City from such Special Facility to the extent necessary to make the payments required by clause (i) of the second succeeding paragraph, be "Special Facilities Revenue" and not included as Revenues or Net Revenues unless on terms provided in any supplemental indenture or other resolution, and (d) provide that the debt so incurred shall be a "Special Facility Obligation" and the principal of and interest thereon shall be payable solely from the Special Facilities Revenue. The City may from time to time refinance any such Special Facility Obligations with other Special Facility Obligations.

Special Facility Obligations shall be payable as to principal, redemption premium, if any, and interest solely from Special Facilities Revenue, which shall include contractual payments derived by the City under and pursuant to a contract (which may be in the form of a lease) relating to a Special Facility by and between the City and another person, firm or corporation, either public or private, as shall undertake the operation of a Special Facility.

No Special Facility Obligations shall be issued by the City unless there shall have been filed with the Clerk a recommendation from the Aviation Director and a report from a Financial Advisor stating that:

(i) the estimated Special Facilities Revenue pledged to the payment of obligations relating to the Special Facility will be at least sufficient to pay the principal of and interest on such Special Facility Obligations as and when the same become due and payable, all costs of operating and maintaining such Special Facility not paid for by the operator thereof or by a party other than the City and all sinking fund, reserve or other payments required by the resolution authorizing the Special Facility Obligations as the same become due; and

(ii) with respect to the designation of any separately identifiable existing Airport Facilities or Airport Facility as a "Special Facility" or "Special Facilities," the estimated Net Revenues, calculated without including the new Special Facilities Revenue and without including any operation and maintenance expenses of the Special Facility as Operation and Maintenance Expenses of the Aviation System, will be sufficient so that the City will be in compliance with Section 7.2 of the Master Resolution; and

(iii) no Event of Default then exists under Article X of the Master Resolution.

To the extent Special Facilities Revenue received by the City during any Fiscal Year shall exceed the amounts required to be paid pursuant to clause (i) of the immediately preceding paragraph for such Fiscal Year, such excess Special Facilities Revenue, to the extent not otherwise encumbered or restricted, shall constitute Revenues.

Obligations Secured by Other Revenues

The City may, from time to time, incur indebtedness payable solely from certain revenues of the Aviation System which do not constitute Revenues as defined herein, including but not limited to Passenger Facility Charges and Customer Facility Charges, at such times and upon such terms and conditions as the City shall determine; provided that such indebtedness shall specifically include a provision that payment of such indebtedness is neither secured by nor payable from Revenues.

Matters Relating to Enforceability

The practical realization of any rights upon any default will depend upon the exercise of various remedies specified in the Master Resolution. These remedies, in certain respects, may require judicial action, which is often subject to discretion and delay. Under existing law, certain of the remedies specified in the Master Resolution may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in these documents. The security interest in the Pledged Revenues granted pursuant to the Master Resolution may be subordinated to the interest and claims of others in several instances. Examples of cases of subordination or prior claims are described under **"THE SERIES 2007 NOTES - Matters Relating to Security for the Series 2007 Notes."**

The application of federal bankruptcy laws may have an adverse effect on the ability of the Bondholders to enforce their claim to the Pledged Revenues. Federal bankruptcy law permits adoption of a reorganization plan, even if such plan has not been accepted by the Holders of a majority in aggregate principal amount of the Bonds, if the Bondholders are provided with the benefit of their original lien or the "indubitable equivalent." In addition, if a bankruptcy court concludes that the Bondholders have "adequate protection," it may under certain circumstances (a) substitute other security for the security provided by the Master Resolution for the benefit of the Bondholders and (b) subordinate the lien on the Pledged Revenues to (1) claims by persons supplying goods and services to the bankrupt after the bankruptcy and (2) the administrative expenses of the bankruptcy proceeding. In the event of the bankruptcy of the City or any of the Signatory Airlines, the amount realized by the Bondholders might depend, among other factors, on the bankruptcy court's interpretation of various legal doctrines under the then-existing circumstances.

All legal opinions with respect to the enforceability of the Master Resolution will be expressly subject to a qualification that enforceability thereof may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting creditors' rights generally and by applicable principles of equity.

Matters Relating to Security for the Series 2007 Notes

The amount of Revenues to be received by the City is subject to a number of factors, including: (a) the Revenues may be commingled with other moneys of the City and, therefore, are not sufficiently identifiable to enforce the City's covenants with respect to any required transfers; (b) statutory liens; (c) rights arising in favor of the United States of America or any agency thereof, (d) constructive trusts, equitable or other rights impressed or conferred by a federal or state court in the exercise of its equitable jurisdiction; (e) federal bankruptcy laws that may affect the enforceability of such security interest or certain federal statutes, regulations and judicial decisions that have cast doubt upon the right of the Paying Agent, in the event of the City's default, to collect and retain accounts receivable from the Revenues and other governmental programs; (f) rights of third parties in certain types of Revenues, such as instruments and cash not in the possession of the Paying Agent; and (g) requirements for filing Uniform Commercial Code continuation statements.

No Right to Acceleration

Upon the occurrence of certain events set forth in the Master Resolution, including a default in the payment of principal of, premium, if any, or interest on the Bonds, the Airport Board will appoint a special superintendent for the Aviation System, with the power and responsibility to operate the Aviation System, and to recommend to the Airport Board such revisions of the rate and charges and operating policies as may be necessary to comply with the Master Resolution and to assure that the Pledged Revenues will be sufficient to pay all principal of and interest on Bonds, and he shall in all things so operate the Aviation System as to comply fully with all the requirements and provisions of the Master Resolution. The holders of the Bonds shall have no right to accelerate any payment obligation of the City with respect to the Bonds.

Remedies

For a description of the events of default under the Master Resolution and the remedies available to Holders of the Bonds, see **"Summary of Certain Provisions of the Master Resolution - Events of Default and Remedies"** in Appendix B attached hereto.

THE INSURANCE POLICY

PLAN OF FINANCE

General

The proceeds of the Series 2007 Notes, together with other available funds, will be used (i) to refund and refinance the outstanding Aviation System Revenue Bonds, Series 1998, dated April 1, 1998 (defined below); (ii) to fund the Debt Reserve Requirement; and (iii) to pay costs of issuing the Series 2007 Notes.

Plan of Refunding

The Series 2007 Notes are being issued to refund and refinance the City's Outstanding Aviation System Revenue Bonds, Series 1998 (the "Refunded Bonds") to realize interest savings.

The City will enter into a Refunding Trust Agreement with __________, as Trustee, dated December __ , 2007, pursuant to which a portion of the proceeds of the Series 2007D Notes and the Series 2007F Notes will be deposited into an Escrow Fund and administered in accordance with the terms of the Refunding Trust Agreement. The Escrow Fund deposit will provide funds which will be used to redeem a portion of the Refunded Bonds on June 1, 2008. See "**VERIFICATION AGENT**" herein.

Because of federal income tax law requirements, the City expects to deliver the Series 2007E Notes on or about _____, 2008. The Series 2007E Notes will constitute a current refunding since the portion of the Refunded Bonds to be redeemed with the proceeds of the Series 2007E Notes will be redeemed within 90 days of the issuance of the Series 2007E Notes.

The City will enter into a Refunding Trust Agreement with __________, as Trustee, dated __________, 2007, pursuant to which a portion of the proceeds of the Series 2007E Notes will be deposited into an Escrow Fund and administered in accordance with the terms of the Refunding Trust Agreement. The Escrow Fund deposit will provide funds which will be used to redeem a portion of the Refunded Bonds on June 1, 2008. See "**VERIFICATION AGENT**" herein.

SOURCES AND USES OF FUNDS

The following sets forth the estimated sources and uses of the proceeds of the Series 2007 Notes and other available funds:

	Series 2007D Notes	Series 2007E Notes	Series 2007F Notes
Sources:			
Par Amount			
Plus Net Original Issue Premium			
Other Sources			
Total:			
Uses:			
Escrow Fund Deposit			
Debt Service Reserve Fund Deposit			
Costs of Issuance			
Total:			

DEBT SERVICE REQUIREMENTS

The following table summarizes the annual debt service requirements for all Series 2007 Notes.

Fiscal Year Ending June 30	Series 2007D Notes Principal	Series 2007D Notes Interest	Series 2007E Notes Principal	Series 2007E Notes Interest	Series 2007F Notes Principal	Series 2007F Notes Interest	Total Debt Service
2008							
2009							
2010							
2011							
2012							
2013							
2014							
2015							
2016							
2017							
2018							
2019							
2020							
2021							
2022							
2023							
2024							
2025							
2026							
2027							
2028							
TOTAL							

THE CITY OF DES MOINES

General

The City of Des Moines, Iowa, is the capital of Iowa, the largest city in the State, and the county seat of Polk County. The Airport is owned and operated by the City, as an enterprise. It is governed by a seven member Airport Board, composed of Des Moines citizens appointed by the City Council.

The City is located near the geographic center of the State. As Iowa's capital city, it is a hub of government, business activity, arts and cultural affairs. With a City population approaching 200,000 and a metro population of nearly 535,000, the City offers some of the nation's best schools, superb public services, and friendly, caring neighborhoods. Some of the City's and surrounding communities' attractions include Adventureland Park, the Des Moines Art Center, Science Center of Iowa, the Iowa State Fairgrounds, Prairie Meadows Racetrack and Casino, Living History Farms, the Des Moines Civic Center, the Iowa Events Center convention facility. Des Moines is also home to top-level minor league professional sports including the Iowa Cubs (AAA Baseball), the Iowa Stars (American Hockey League), and the Iowa Energy (NBA Development League). The Stars and Energy play their home games in Wells Fargo Arena, a 17,000 seat downtown facility opened in 2005, while Principal Park, located immediately south of downtown, serves as home for the Cubs.

Government

The City's system of government is provided for by its Charter, which first became effective in 1851 and has subsequently been amended from time to time by the City's voters.

The Mayor, elected to a four-year term, is the chief executive officer of the City and part of the City Council. The Mayor, along with six other voter elected City Council members, acts as the political head of the City. The City Council is responsible for setting policy, adopting an annual budget, determining the tax rate, and formulating broad long-term policies that outline the City's public function. It also appoints a City Attorney, City Clerk, City Manager, City Human Rights Administrator, and members of several other Boards and Commissions.

The head of the City Legal Department is appointed by the City Council and represents the City Council and various municipal Boards and Commissions and also represents City employees in work-related litigation. The Department is made up of three divisions each of which is supervised by a Deputy City Attorney. The Infrastructure Division is primarily responsible for legal work related to the Aviation, Engineering and Public Works Departments. The Intergovernmental Programs and Urban Development and Zoning Division provide legal services to most of the other City Departments. Finally the Litigation Division provides courtroom representation to all City Departments and provides advice to the Police and Human Resources Departments.

The City Clerk is also an Appointee of the City Council and is responsible for duties defined by the Code of Iowa and designated by the Council. These include supervision of City

Council staff support services, preparation of City Council agendas, recording and maintaining all Council records, proceedings and ordinances, collection of non-moving traffic violations fees, and issue of various Licenses and Permits.

The City Manager is primarily responsible for implementing the policies of the City Council. In addition, the Manager assumes responsibility for preparing the annual budget, hiring and firing personnel, directing day-to-day operations, attending City Council meetings, recommending policies or programs to the City Council, keeping it fully advised of the financial and other conditions of the City and supplying it with information to aid decision making. While the Manager makes recommendations to the City Council, the City Council may or may not adopt or ratify the recommendations.

THE AIRPORT

General

The Aviation System is composed of all airfield, heliport and aviation-related facilities as defined in the Master Resolution, which presently consists of the Airport and its related facilities. The Airport is located in the City, on 3,200 acres approximately five miles southwest of the City's central business district. The Airport is classified as a "Small Hub Commercial Service Airport" by the Federal Aviation Administration (the "FAA"), as it enplaned less than .25% of the total passengers in the U.S. in 2006.

In 1929, the 43rd Iowa General Assembly opened the door to establishing an Airport as part of the City of Des Moines when it passed an act that allowed cities to levy assessments and provide for the sale of notes to build municipal aviation systems. Construction began in 1932 on 160 acres of farmland. The Airport officially opened in 1933 and it expanded over time to its present size of 3,200 acres.

The Airport serves a full range of general aviation aircraft, and is home to the 132nd Tactical Fighter Wing of the Iowa Air National Guard. Approximately 1,550 full-time employees work at the Airport for the various airlines, tenants and vendors, including the 119 City employees assigned to its Aviation Department. All of the City positions at the Airport are full-time positions and all but 14 of these positions are represented by a union. Total enplanements at the Airport for Calendar Year 2006 were approximately 979,000, representing an increase of 2.9% from the prior year. See "**AIRPORT OPERATIONS.**"

Service Area

The current population of the City metro area is 535,000 people (which provides an estimated 95% of the Airport's enplanements), but the Airport also attracts passengers from all parts of Iowa and the northern tier of Missouri (the "Service Area"). The Airport is currently one of eight commercial airports in Iowa, including Southeast Iowa Regional Airport in Burlington; Eastern Iowa Airport in Cedar Rapids; Dubuque Regional in Dubuque; Mason City Municipal in Mason City; Sioux Gateway in Sioux City; Waterloo Municipal in Waterloo; and Fort Dodge Regional in Fort Dodge. There are three reliever airports in Iowa. They are Ankeny Regional in Ankeny, Iowa; Council Bluffs Municipal in Council Bluffs, Iowa; and Davenport Municipal, in Davenport, Iowa. These airports do not have runway lengths sufficient to accommodate large commercial aircraft.

Based upon survey information provided by the Iowa Department of Transportation's Office of Aviation, the City anticipates that it may lose up to 9% of its potential enplaned passengers per year, chiefly to airports in Kansas City and Omaha, and to a lesser extent, Minneapolis. A significant portion of this loss can likely be attributed to the fact that Des Moines does not benefit from the presence of a major low-cost carrier. Despite this loss of potential passengers, the Airport nonetheless represents over one-half of all commercial passenger traffic generated within Iowa.

Airport Management

The Airport is owned by the City and operated by the Airport Board. The Airport Board was created by the City Council by an ordinance adopted in 1982 and in 1993 the Airport Board was made into an Administrative Agency within the City government under Chapter 392 of the Code. The Airport Board is responsible for the planning, development, management and operation of the Airport, while the City Council retains the authority to issue obligations payable from the revenues of the Airport. The Airport Board currently consists of seven citizens appointed by the City Council. Below is a list of the current members of the Airport Board.

Member	Date of Appointment	Occupation	Term Expiration
James Erickson *Board Chairperson*	December 1995	CEO of Anderson-Erickson Dairy	June 2008
Brice Ashman	July 2000	Retired	June 2008
Roger Brooks	July 2007	Retired	June 2011
Nolden Gentry	July 2007	Attorney at Gentry Law Firm	June 2011
Edgar Hansell	October 1993	Attorney at Nyemaster Law Firm	June 2009
Thomas Ross	January 1998	Attorney at Ross Law Firm	June 2009
Elizabeth Ward	July 2007	Self-Employed	June 2011

Airport Staff

The Airport Board and the Aviation Director have an Airport staff to aid them in carrying out their responsibilities. Key members of the Airport staff include a Deputy Aviation Director of Operations and Maintenance, a Deputy Aviation Director of Finance and Administration, and an Assistant City Attorney.

Craig Smith, A.A.E., is the Aviation Director for the Des Moines International Airport, responsible for its day-to-day operation. Mr. Smith has held this position since October 1, 2005. Prior to his current position, he held the positions of Deputy Aviation Director - Operations & Maintenance, Project Coordinator, and Senior Operations Officer. Prior to joining the Airport in 1996, he was the Operations Manager for Atlantic City International Airport. Mr. Smith holds a Masters Degree in Aeronautical Science from Embry-Riddle Aeronautical University and a Bachelor of Science Degree in Aviation Management from Southern Illinois University. He was accredited by the American Association of Airport Executives in 1999. Mr. Smith served 22 years on active duty in the United States Air Force and is a Vietnam Veteran.

Shawn Arena, A.A.E., is the Deputy Aviation Director - Operations and Maintenance. His responsibilities include the oversight of all airside and landside activities and related construction projects, management of airfield facilities and passenger terminal operations and maintenance, and administration of the Airport Environment and Electronic Technology Divisions. He has held this position since October 2005. Before moving to the City, Mr. Arena held key management roles for the city of Phoenix Aviation Department from 1994 to 2005. These positions included Airside Operations Superintendent, and Noise Abatement Officer at Sky Harbor International Airport, and General Aviation Airports Director at the Goodyear and Deer Valley airports. Prior to employment with the City of Phoenix, he was with Orange County in California, at John Wayne Airport from 1987 to 1994; first as a Noise Abatement Specialist, and later as an Administrative liaison between airport and airline management, general aviation pilots, fixed based operators, and other airport tenants. Mr. Arena holds Master of Aeronautical Science and Master of Aviation Management degrees from Embry-Riddle Aeronautical University, as well as a Bachelor of Arts Degree in Psychology from the University of Southern California. From July 2001 to January 2006, he was a member of the American Association of Airport Executives (AAAE) Board of Examiners for professional accreditation representing the Southwest Chapter of the AAAE. Mr. Arena is an Adjunct Assistant Professor with Embry-Riddle Aeronautical University Extended Campus and has taught airport management, operations, and safety classes for the past 17 years.

Tim Stiles, CPA, joined the Aviation Department in January 2000, serving as its Financial Contract Compliance Officer until being appointed Deputy Aviation Director of Finance and Administration in January 2006. He came to the Airport after serving four years as Controller for an Iowa-based equipment manufacturer and prior to that, for six years as an auditor for a regional CPA firm. Mr. Stiles holds a Bachelor of Arts Degree in Accounting from Luther College, has earned designation as a Certified Public Accountant (CPA), and is an active member of the Association of Airport Internal Auditors (AAIA).

David A. Ferree is an Assistant Des Moines City Attorney serving as legal counsel to the Airport and the Airport Board in all aspects of aviation law. Mr. Ferree has been with the City Legal Department since March of 2006. Before taking his current position with the City, he was, since 1984, an Assistant Attorney General and Special Assistant Attorney General with the Transportation Division of the Iowa Attorney General's Office. He has also served as General Counsel to the Iowa Department of Transportation and the Iowa Transportation Commission. For the three years prior to joining the Iowa Attorney General's Office, Mr. Ferree was an Assistant Professor of Business at the University of Wisconsin-River Falls teaching business law, accounting and personal income tax. Between 2000 and 2004, he was a lecturer in engineering law at Iowa State University. He has been a speaker at many legal seminars primarily addressing topics in real estate and environmental law, and is the author of *Eminent Domain in Iowa* (2005). Mr. Ferree holds a Juris Doctorate degree with high distinction from the University of Iowa's College Of Law. He received his bachelor's degree from Iowa State University with majors in Finance and Political Science.

Airport Employees

For Fiscal Year 2007, the Airport has 119 allocated full-time employee positions. All positions at the Airport are full-time positions and all but 14 positions are represented by a union. Twenty-three of these employees are City Police Officers assigned to an Airport Unit. All Airfield Rescue and Fire Fighting services are provided by the Iowa Air Guard under a cooperative agreement. Other fire support comes through the City in the form of response units available on call through traditional City stations. These employee groups are not entitled to strike under Iowa law since the Airport, as a department of the City, is not subject to collective bargaining. Airport employees are covered by the City's pension plan. See **APPENDIX A – "Audited Financial Statements of the Aviation System"** for additional information on the pension plan.

Existing Airport Facilities

Located within six miles of the Des Moines downtown core and within a fifteen minute drive of the intersections of Interstates 35 and 80, the Airport serves every segment of aviation. The Airport handles nearly two million commercial airline passengers and over 200 million pounds of air cargo annually, a full range of general aviation aircraft activities, and the operations of the 132nd Tactical Fighter Wing of the Iowa Air National Guard.

The Airport features two intersecting 9,000' x 150' all-weather runways, 24-hour airport traffic control and radar approach control, a 217,000 sq. ft. terminal building with 12 gates, over 1.2 million sq. ft. of lighted cargo ramp apron, three (3) fixed base operators, several corporate facilities, and an Aviation Technology Laboratory operated by the Des Moines Public School System.

Each runway may be used by the largest types of commercial aircraft currently in use with instrument landing systems on three approaches, including a Category III(i) approach in place on Runway 31.

The Airport has recently won several awards from the FAA and others related to its overall safety and its high-quality airfield facility. This year marked the third consecutive year in which no discrepancies were noted during any FAA field inspection.

Terminal Facilities

The Airport's 217,000 sq. ft. terminal building opened in 1950, but has seen several major renovations and additions since that time. The current building includes a main lobby featuring thirty-four ticketing positions, a short-order restaurant, a full-service lounge and dining area, a gourmet coffee shop, a gift shop, and a fifteen-station business center. An expanded baggage claim area was opened in 1997 and serves as host to the counter operations of eight rental car operators. The security screening area was doubled in size in 2005 to incorporate four screening lanes and add office space and training facilities for the Transportation Security Administration (the "TSA"). This expansion has allowed the Airport to benefit from some of the shortest security-screening wait times in the United States.

The two adjoining concourses house a total of twelve airline gates. The concession area of the concourses was doubled in size and completely renovated in 2007, to accommodate another gift shop, a full service bar and restaurant, a food court, and a coffee shop. Eleven of the twelve airline gates feature loading bridges owned by the Airport. Each of the bridges were completely refurbished in 2006.

Located on the second floor areas of the terminal, a conference center features seven meeting rooms ranging in capacity from 10 to 145 persons. The Cloud Room, on the second floor, serves as the meeting chambers for the Airport Board as well as a host facility for catered events with a full catering kitchen. The remainder of the second floor and basement includes office and storage space for several tenants, including the City of Des Moines Aviation Administrative & Operations offices.

The terminal building features a campus-wide wireless computer network as well as a $1.1 million paging and information system, installed in 2007.

Public Parking

In 2000, two adjoining parking ramps with more than 1,900 parking spaces were opened to long and short-term parkers at a cost of over $20 million. The facilities are located immediately adjacent to the terminal building and include glass-enclosed skywalks between the garages and across to the main terminal building. A parking administration building with employee training areas and a break room was constructed as part of the ramp project and currently houses approximately thirty-five employees of the parking operator.

Public parking is also available at two remote economy parking surface lots, which are served by a twenty-four hour complimentary shuttle bus service. All rental car ready and return lots are located within the immediate vicinity of the terminal building. Parking for terminal-based employees is available in two remote lots which are accessed via shuttle bus.

Other Facilities

Surrounding the Airport's sizable lighted cargo apron are support facilities for three major carriers. The first cargo "gateway" facility was constructed in 1992 and a second followed in 2005. Each of these buildings features warehousing, as well as mechanical and administrative support areas. A multi-bay facility houses cargo operations of several smaller carriers.

Over 120 general aviation aircraft are based at the Airport. To house locally-based aircraft, the Airport offers forty T-Hangar units, each with heated bays and mechanical overhead doors, as well as a dedicated flight-planning building. While many corporate aircraft are housed at the three fixed base operators, the Airport also owns five larger corporate hangars which are rented to tenants, each of which have been newly-constructed or significantly renovated in the past ten years.

A Federal Post Office building, a U.S. Customs building, an on-field fire station, and the Air Guard complex complete the Airport's facility. Over 600 acres of remaining land on-site are used in farming operations, which generates additional revenue for the Aviation System.

CERTAIN AGREEMENTS FOR USE OF THE AIRPORT'S FACILITIES

Airport Agreements*

Substantially all Airport improvements and buildings are leased or charged to users under various agreements. Certain facilities are leased under self-liquidating lease agreements which require the lessee to pay annual payments equal to the debt service requirements of the bonds issued to construct the facilities, or the debt service requirements which would have been required if bond funds were used. Other facilities at the Airport are charged to users under lease agreements that provide for compensatory rental rates that have been designed to recover agreed-upon portions of costs incurred, including amortization and interest, in the terminal building, ramp, and airfield areas. Other facilities, to the extent they are leased under conventional agreements, are primarily percentage leases. Excess revenues received above and beyond the costs recovered are used to defray the costs of maintaining public areas of the Airport.

Airline Agreements

Eight commercial passenger airlines provide air service at the Airport either directly or through an affiliated carrier. The following airlines have executed a signatory airline agreement with the Airport: United Airlines; American Eagle; Northwest; Comair (operating as Delta); Express Jet (operating as Continental Express); Allegiant Air; Mesa (operating as US Air); and Skyway (operating as Midwest Air). In addition, the Airport accommodates several air cargo carriers, three of whom have also executed a similar signatory airline agreement and include: United Parcel Service, Federal Express, and ABX Air (operating as Airborne Express and DHL). All of the current signatory agreements expire on June 30, 2008, Airport Staff are currently working with the carriers to update and extend these agreements for a five-year term beyond 2008. The agreement provides funding for the ongoing maintenance, operations, debt service with coverage, and capital improvements of the Airport through various rates and charges. The agreement provides that the signatory airlines pay landing fees in an amount that will make operating revenues (landing fees plus other operating revenues) equal operating expenses plus 1.25 times the debt service on the Aviation System's long-term borrowings. Under the Agreements the signatory airlines pay terminal rent, landing and apron area fees during the course of the year at rates calculated as part of the budget process. Then at year-end, the signatory charges are adjusted to reflect any over/under collection of landing fees based upon the use agreement residual landing fee formula. In addition, operating net income of the Airport is shared on a 50/50 percentage basis with partner carriers.

Although numerous modifications have been made, the current form of Signatory Agreement is substantially similar in methodology to the agreements in place since July 1, 1986.

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* *All revenue figures herein for FY2007 are unaudited.*

Each of the current Signatory Agreements expires on June 30, 2008, and Airport Staff are currently working with the carriers to update and extend these Agreements for a five-year term beyond 2008.

The Signatory Agreements provide for certain payments to the City in exchange for use of certain facilities and services and establish procedures for annual review and calculation of rentals, fees, and charges (i.e. aircraft landing fees and terminal building space rentals) to be paid by the Signatory Carriers for the use and lease of certain portions of the Airport. The rentals, fees, and charges are calculated using a modified compensatory rate-setting methodology with the crediting of certain non-airline revenues against allocated costs in determining airline fees and charges and a sharing with the Passenger Signatory carriers of a portion of "net income" (as determined per the terms of the agreement) at year-end.

The rate-setting procedures of the Signatory Agreement are based on the recovery of certain costs, allocated to certain cost centers (i.e. airfield area and terminal building area).

Based on the Signatory Agreement, any non-signatory air carrier is to be charged a landing fee rate that is not less than 140% of the rate to be charged to Signatory Airlines. The landing fee currently being charged to Signatory Carriers for the fiscal year ended June 30, 2008, is $2.29 per thousand pounds of certificated landed weight.

The agreement provides funding for the ongoing maintenance, operations, debt service with coverage, and capital improvements of the Airport through various rates and charges. The agreement provides that the signatory airlines pay landing fees in an amount that will make operating revenues (landing fees plus other operating revenues) equal operating expenses plus 1.25 times the debt service on the Aviation System's long-term borrowings.

The Federal Aviation Administration (the "FAA") Authorization Act of 1994 (the "1994 Act") requires Airport fees to be "reasonable" and provides a mechanism by which the Secretary of Transportation can review rates and charges complaints brought by air carriers. The 1994 Act provisions do not apply to fees imposed pursuant to a written agreement with air carriers using Airport facilities. There is currently no dispute between the City and any of the air carriers operating at the Airport over any existing or proposed rates and charges. There is no assurance, however, that such disputes will not arise in the future.

Under the terms of the Airline Agreements, the City is required to maintain and keep in good repair all of the public areas and facilities of the Airport, including the structures associated with the terminal buildings, the utility systems within the Airport, and all other common use systems owned and operated by the City. For their part, the Signatory Airlines and the non-Signatory Airlines are individually required to repair and maintain in good condition the premises leased or assigned to each of them, including that portion of the utility systems serving each of their exclusive use facilities.

Concession Agreements

A portion of the Airport's revenue is provided by concession agreements and other lease agreements which are not directly related to providing commercial air service. These agreements relate to a portion of the Airport's buildings, land, and the privilege to do business at the Airport, and have terms ranging from one to thirty years. Exclusive of public parking, rents received under all concession and other lease agreements totaled ***[add in 2007 number]***, $4,726,548 and $4,669,935 for the years ended June 30, 2007, 2006 and 2005, respectively. Several of the concession agreements contain contingent provisions whereby additional amounts in excess of stated minimums are paid, based upon the lessees' gross revenue. For the years ended June 30, 2007, 2006 and 2005, rents received from these concession agreements were ***[add in 2007 number]***, $2,623,772 and $2,683,603, including amounts received under their contingent clauses totaling ***[add in 2007 number]*** $306,901 and $739,608, respectively.

Parking Agreement

The management contract for the parking facility is with Republic Parking. The contract is a three-year service contract expiring in April of 2010 and calls for management fees during the first year of $213,000, the second year of $219,000, and the third year of $225,900. During fiscal year 2007 revenues generated from the parking facility were $7,191,302 which represented 62% of total concession revenues and 31% of total operating revenues.

Other Concession Agreements

The City has an exclusive contract for food and beverage sales, catering, and vending with Creative Host Services, Inc which expires on March 31, 2017. The City has a contract for gift and general merchandise sales with The Paradies Shops, Inc. which expires on June 30, 2016. During the fiscal year ended June 30, 2007, the Food and Merchandise concessions combined revenue of $702,713 represented 6% of concessions and 3% of operating revenue.

The City has contracts with Avis, Alamo, National, Thrifty, Dollar, Enterprise, and Hertz for the operation of the rental car facilities at the Airport, all of which expire on July 31, 2009. During the fiscal year ended June 30, 2007, the City received $2,048,884 in rental car revenue which represents 17.6% of total concession revenues and 8.8% of operating revenues.

The City has a contract with Bankers Trust that runs through November 30, 2010 for ATMs in the Airport. Another contract exists with ARINC, Inc. for wireless internet runs on a month-to-month basis. The City has a service contract for baggage carts through Smarte Carte which also runs on a month-to-month basis. Pay phones are another service contracted out to Qwest Communications. Together these terminal service contracts brought in revenues of $673,630 during the 2007 fiscal year.

The Airport has a number of contracts with fixed based operators that provide ground handling services, fuel sales, and other services to small aircrafts. These contracts are with Signature Flight Support, Elliott Aviation, Mid-America Jet Center, Meredith Corp., Principal, and Evergreen Aviation Ground Logistics Enterprises. Together these services brought in revenues of $844,682 during the 2007 fiscal year.

Sources of Concession Revenue
For the Fiscal Year Ended June 30, 2007

Type of Concession	Revenue to Airport		Percent to total
Rental Cars	$	2,063,324	65.3%
Restaurants	$	461,646	14.6%
Gift Shops	$	295,533	9.4%
Terminal Advertising	$	176,000	5.6%
Ground-Handling	$	85,912	2.7%
Banking Services	$	60,515	1.9%
Internet & Phone	$	16,222	0.5%
	$	3,159,152	100.0%

AIRPORT OPERATIONS

Air Carrier Service

Listed below are air carriers which served the Airport in the month of June 2007.

<u>Air Carriers</u>

Allegiant

American Eagle (operating as American)
Comair (operating as Delta)
Express Jet (operating as Continental)
Mesa (operating as US Air)
Northwest
Skyway (operating as Midwest Airlines)
United

<u>Air Cargo Carriers</u>

ABX Air (operating as Airborne Express and DHL)
Federal Express
Flight Express
United Parcel Service
AirNet Systems

Airline Market Shares

The tables on the following pages shows enplanements and market share by airline and cargo volume distribution and total enplanements and deplanements overall from CY 2002 through CY 2006 and for the first nine months of 2007.

Total Enplaned Passengers and Airline Market Shares
CY 2002-2006 and for the first nine months of 2007(Unaudited)

Airline (1)	Enplanements 2002	2003	2004	2005	2006	2007	Market Share 2002	2003	2004	2005	2006	2007
Allegiant(2)	-	15,492	31,416	39,842	52,981	47,822	-	1.7%	3.1%	4.2%	5.4%	6.4%
American Eagle	255,498	219,923	195,611	223,098	233,313	177,926	28.9%	24.1%	19.6%	23.4%	23.8%	24.0%
Chicago Express (ATA) (3)	41,313	32,437	34,059	326	-	---	4.7%	3.6%	3.4%	0.0%	-	0.0%
Delta	107,893	100,087	111,665	101,533	98,981	83,625	12.2%	11.0%	11.2%	10.7%	10.1%	11.3%
Express Jet (Continental Express)	13,540	32,756	26,147	22,101	23,556	17,336	1.5%	3.6%	2.6%	2.3%	2.4%	2.3%
US Air / America West	61,515	37,594	43,431	46,539	43,595	27,810	7.0%	4.1%	4.4%	4.9%	4.5%	3.7%
Northwest	142,252	165,194	206,694	213,419	226,919	152,178	16.1%	18.1%	20.7%	22.4%	23.2%	20.5%
Skyway	23,046	26,302	24,029	22,363	19,924	17,039	2.6%	2.9%	2.4%	2.4%	2.0%	2.3%
United	225,063	273,407	316,429	271,431	268,497	210,758	25.5%	30.0%	31.7%	28.5%	27.4%	28.4%
Charter/other	13,070	7,871	8,174	10,952	11,141	7,932	1.5%	0.9%	0.8%	1.2%	1.1%	1.1%
Total enplaned passengers	883,190	911,063	997,655	951,604	978,907	742,426	100.0%	100.0%	100.0%	100.0%	100.0%	100.00%

(1) In certain cases, the enplanements include flights operated by regional airlines operating as affiliates of the listed airlines.

(2) Allegiant began service in April of 2003.

(3) Chicago Express discontinued service in January of 2005.

Total Cargo Handled and Airline Market Shares
For the Years Ended December 31, 2002 to 2006 and the first 9 months of 2007

	Cargo (pounds in thousands) 2002	2003	2004	2005	2006	2007 (9 mo.)	Market Share 2002	2003	2004	2005	2006	2007
UPS	129,901	126,617	118,787	133,820	129,199	89,709	61.8%	64.8%	63.8%	65.5%	62.9%	59.5%
FedEx	55,990	53,843	56,999	61,567	69,258	51,408	26.7%	27.6%	30.6%	30.1%	33.7%	34.1%
ABX (DHL/Airborne Express	4,749	4,392	4,153	4,774	4,724	8,349	2.3%	2.2%	2.2%	2.3%	2.3%	5.5%
Other All-Cargo Carriers	10,523	4,254	1,507	1,713	809	474	5.0%	2.2%	0.8%	0.8%	0.4%	0.3%
Airline Cargo Carriers	8.873	6,223	4,776	2,496	1,285	899	4.2%	3.2%	2.6%	1.2%	0.6%	0.6%
Total Cargo Volume	**210,036**	**195,329**	**186,223**	**204,369**	**205,275**	**150,839**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

*Tables provided by the City Aviation Department.

Total Enplanements and Deplanements for CY 2002-2006 and the first nine months of 2007

	2002		2003		2004		2005		2006		2007 (through 9 mo.)	
	Enplaned	Deplaned	Enplaned	Deplaned	Enplaned	Deplaned	Enplaned	Deplaned	Enplaned	Deplaned	Enplaned	Deplaned
January	61,342	60,622	68,913	71,221	73,287	74,259	71,269	73,761	71,933	73,421	75,964	75,108
February	61,785	60,997	68,215	66,515	70,933	70,700	75,133	73,370	73,538	71,878	72,759	72,073
March	73,458	76,813	76,391	80,657	85,307	87,081	84,759	88,089	87,323	87,673	86,593	87,400
April	67,037	68,022	66,063	66,480	74,890	75,353	75,909	77,608	75,255	77,244	76,859	78,310
May	75,249	73,705	73,883	76,351	82,601	82,196	79,797	78,912	84,786	83,895	88,194	86,980
June	81,868	81,230	84,058	80,549	92,409	92,005	90,620	88,986	91,562	90,649	91,132	91,266
July	81,998	80,409	84,080	83,319	88,928	90,192	85,700	84,273	87,741	87,448	88,440	87,915
August	80,278	84,202	80,625	84,157	91,456	92,307	80,448	84,977	81,496	85,254	85,778	89,753
September	68,866	67,206	71,711	71,563	82,744	79,940	75,186	74,067	74,812	74,982	76,707	75,121
October	76,729	76,781	80,222	78,852	88,328	88,339	78,776	78,220	85,865	87,011		
November	71,241	71,147	74,659	74,435	81,984	80,842	75,460	75,341	82,823	81,527		
December	83,339	78,222	82,243	76,753	84,788	79,298	78,547	74,365	81,773	79,504		
	883,190	879,356	911,063	910,852	997,655	992,512	951,604	951,969	978,907	980,486	742,426	743,926

	2002	2003	2004	2005	2006	2007
Total Enplanements and Deplanements	1,762,546	1,821,915	1,990,167	1,903,573	1,959,393	

*Table provided by the City Aviation Department.

United Airlines accounted for the largest share of enplanements from 2002 through 2006. American has the second largest share of enplanements, and is closely followed by another competitor, Northwest.

Enplanements have increased steadily in the decade. After a record high in 2004 of 998,000 enplanements, the trend line ebbed slightly. Enplaned passengers in 2006 totaled 979,000. Based on passenger traffic, the Airport is the 90th most active commercial airport in the nation.

The Airport's Commercial Passenger Carriers operate 138 flights daily, providing non-stop service to eighteen destinations in the United States. Cargo handling is much stronger than many small hub airports. The Airport serves as a second-day hub for UPS. During 2006, over 205 million pounds of cargo were handled, which ranks the Airport as the 40th most active cargo airport.

The table set forth below shows the non-stop destinations and the airlines providing service to those destinations:

NON-STOP ROUTES

Destination City	Daily Non-Stop Flights	Carrier
Atlanta	4	Delta
Chicago – O'Hare	7	American
Chicago – O'Hare	8	United
Cincinnati	4	Delta
Cleveland (beginning May 2008)	2	Continental
Dallas	6	American
Denver	5	United
Detroit	4	Northwest
Houston	3	Continental
Las Vegas	2	Allegiant
Los Angeles (beginning February 2008)	1	United
Memphis	3	Northwest
Milwaukee	4	Midwest
Minneapolis	7	Northwest
New York – La Guardia	1	American
New York – La Guardia	1	Northwest
Orlando – Sanford	1	Allegiant
Phoenix	2	US Airways
Salt Lake City	2	Delta
St. Louis	3	American
Tampa – St. Petersburg	1	Allegiant
Washington DC - Reagan	1	Northwest

Note: Flight information current as of October 2007, unless noted as announced future service.

Note: Frequencies of certain routes may vary seasonally

Airport Operations

The table set forth below summarizes aircraft operations and cargo handling levels at the Airport from CY 2002 through the first nine months of CY 2007.

Aircraft Operations	2002	2003	2004	2005	2006	(Thru September) 2007
Commercial	67,998	65,646	64,692	62,075	63,003	35,451
General Aviation	47,316	45,360	42,742	42,402	42,754	22,001
Military	5,201	5,357	5,064	3,989	4,343	1,884
Totals	**120,515**	**116,363**	**112,498**	**108,466**	**110,100**	**59,336**

Cargo Summary	2002	2003	2004	2005	2006	(Thru September) 2007
Combined Annual (in pounds)	210,035,907	195,328,517	186,222,815	204,369,161	205,274,902	150,839,000

*Table provided by the City Aviation Department

Risk Management

The Aviation System is exposed to various risks of loss related to torts, errors and omissions, natural disasters, and theft of, damage to, and destruction of assets. The Aviation System covers these exposures through the purchase of commercial insurance. Settled claims have never exceeded commercial insurance coverage.

After the events of September 11, 2001, terrorism coverage was excluded from the Aviation System's commercial liability, property damage and business interruption coverages. On November 26, 2002, President Bush signed into law the Terrorism Risk Insurance Act of 2002 (TRIA) to shield the insurance industry from catastrophic costs of future terrorist attacks. On December 22, 2005, President Bush signed into law the Terrorism Risk Insurance Extension Act of 2005, which extended TRIA through December 31, 2007. It is unclear at this time whether an additional extension will be enacted. The passage and extension of this law improved the ability of insurance carriers to offer limited terrorism coverage.

The Aviation System's general and auto liability exposures are covered by Airport Liability Insurance policy with a limit of $250,000,000 and with a deductible of $10,000 per occurrence. The City's blanket Property Insurance policy covers all Aviation System property on a replacement cost basis up to a maximum of $250,000,000 per occurrence with a $100,000 deductible per occurrence. The City's Excess Workers Compensation Insurance policy covers all Aviation System employees up to Iowa Statutory Limits after the City's $450,000 per occurrence self-insured retention has been satisfied by the City. The City's Public Officials Liability, including the Aviation System, is self-insured for the first $2,000,000 of any loss and the City's Excess Liability Insurance policy covers losses that exceed the self-insured retention up to a limit of $10,000,000. Off-premise Automobile Liability Insurance coverage is provided by a primary Auto Liability policy with limits of $2,000,000 per occurrence and losses above that limit are covered by the City's citywide Excess Liability Insurance policy with a limit of $10,000,000.

All of the above policies are written on a fiscal year basis, July 1 through June 30. Depending on the nature of the operation, Airport users such as airlines, fixed-base operators, concessionaries, ground handlers, parking garage operator, construction contractors, etc. are required to carry use-appropriate insurance such as aircraft liability, general liability, automobile liability, workers compensation, crime insurance, pollution liability, etc. Limits on these policies vary according to the risk exposure presented by each user's operation. All are also required to name the City as an Additional Insured and to defend, indemnify and hold harmless the City from losses as dictated by the indemnification provision in each contract or agreement.

CAPITAL IMPROVEMENT PROGRAMS AT THE AIRPORT

General

The City engages on an on-going basis in various programs to improve the facilities and operations of the Airport under the implementation of a Master Plan, which consists of short-term, intermediate and long-term improvements. The City's current Master Plan was developed in 1995 but underwent a significant update process during 2007. The Master Plan Update has been completed awaits final review and approval by the FAA prior to publication.

As contemplated in the 1995 Master Plan and further refined in the proposed 2007 Update, the Airport's planned short-term improvements consist of a parallel runway (13R-31L), the parallel runway's supporting taxiway system, several terminal optimization projects including an in-line outbound baggage handling system, a 2,000 space expansion of the current public parking facilities to include a covered facility for rental car operations adjacent to the terminal, several cargo building development projects, an on-site consolidated rental car service facility, and perimeter service road improvements.

Intermediate and long-term aspects of the Master Plan contemplate additional improvements such as international passenger terminal, entrance road improvements, additional terminal optimization projects including hold room additions, general aviation development on the south and west portions of the field, a new site location and building for an existing aircraft maintenance laboratory facility, an extension of Runway 5-23 to 11,200', additional taxiways, and potential long-term property acquisition.

A majority of the short-term improvements have been incorporated into the City's current CIP budget, which extends through the fiscal year ended June 30, 2013.

The ability of the City to finance the improvement programs at the Airport is subject to various factors, including, among others, the amount of Revenues generated by the Airport (including the ability of the Airport to include appropriate amounts of its capital expenditures in the rates and charges of airlines using the Airport), the availability of funds under federal and state programs and the ability of the City to issue Additional Bonds or other indebtedness for Aviation System purposes (including the City's ability to meet the test for the issuance of Additional Bonds under the Master Resolution).

The Future Runway Project

A planned third runway will be developed to serve a full range of general aviation aircraft. The third runway, planned to originally be constructed at 5,500' with ultimate plans of 9,000', the runway will parallel the Airport's current main runway (13/31). This runway will allow the Airport to accommodate simultaneous take-offs and landings. Land acquisition for the third runway is nearly complete and current plans call for the runway to be completed by 2011.

To maintain the long range viability of the airport as a cargo facility in the long-term, Runway 5-23 is planned to allow for a 2,200' extension to potentially accommodate international cargo flights. Taxiway improvements for circulation and efficiency are also recommended. To better serve the future airfield, the airport rescue and firefighting facility is planned to be relocated to the south cargo area between the parallel runways as the third runway is placed into service.

Passenger Terminal

According to the Master Plan, the current terminal facility is expected to remain in service up to the 1.75 million annual enplanements thresholds and possibly beyond. Currently-contemplated improvements include the widening and extension of the two concourses, development of an international operations wing, an in-line baggage handling system, and other optimization improvements throughout. The parking garage is planned for additions within the available space to meet the high range demand. The Airport entrance road is planned to be relocated to provide more queuing space for vehicle inspections during possible high security alerts.

Future Public Parking Facilities & Rental Car Service Facility

As outlined in the Leigh Fisher Associates report dated May 2006, "Parking and Rental Car Operations Study - Des Moines International Airport," an analysis of public parking activity trends and rental car usage at the Airport indicted a need for additional close-in public parking and contiguous rental car ready & return parking spaces to accommodate traffic through 2020. The study recommended implementation of a two-phase parking expansion program. The first phase, intended to accommodate demand prior to 2015, consists of the following:

- A four-level addition to the existing "North" parking ramp providing approximately 600 additional public parking spaces.
- A four-level new "South" parking ramp providing approximately 350 additional rental car spaces and approximately 485 public parking spaces.

- An on-site, remote Rental Care Maintenance Facility designed to provide fueling, washing, and overflow parking areas for the Airport's rental car agencies. the on-Airport location will improve customer service and support more efficient rental car operations.

The recommended second phase of the program would consist of a new "East" four-level ramp with approximately 950 additional public parking spaces.

The study recommends that Phase One be designed and constructed by 2008 or 2009, with Phase Two to follow after 2015. The conceptual construction cost estimate provided as part of the study was $43.9 million for Phase One and $16.3 million for the Phase Two. Of the total cost for Phase One, it was anticipated that approximately $22 million could be supported by pending Airport Revenue Bonds, including incremental revenue generated through increases in parking activity. The remaining $22 million would be supported by Airport Revenue Bonds to be backed by car rental operations, including revenue generated by the implementation of a Customer Facility Charge on rental car customers.

The recommendations of the study have bee included in the Airport's 2007 Master Plan Update.

Air Cargo

The south side of the Airport has been established as an air cargo center. The Master Plan includes additional cargo buildings, ramp, and truck staging over the planning period. The plan also includes subdividing the remaining property in the south cargo area for aviation-related development. A consideration for the promotion of the available parcels as well as the cargo facilities would be the designation of a foreign trade zone on the airport.

General Aviation

While the general aviation facilities on the north and east sides of the Airport will continue in their current locations, the facilities on the south side will need to be relocated for future cargo development. To accommodate the relocation as well as to provide space for additional facilities in the future, a new general aviation area has been designated for the southwest side of the Airport. This area will have ready access to the parallel runway. Across Runway 5-23 from the new General Aviation area, space is planned to accommodate a new Aviation Education Campus designed to replace and expand upon the cramped facilities currently serving the unique aviation technology curriculum offered by the Des Moines Public School District.

Capital Improvement Funding

Although each project contemplated in the Capital Improvement Plan is ultimately budgeted and subsequently developed based on "demand-driven" factors, a full implementation of the Master Plan (as updated in 2007) would involve a financial commitment of $405 million over the 20-year planning period. Financing for capital improvements comes from several sources. Contributors to the Airport's development are its users, through a system of user taxes, lease rents, fees and charges. These sources include not only the rates and charges for Airport use imposed by the City, but also federal and state airport improvement programs and passenger facility charges.

Approximately $193 million of the potential costs will be eligible for grants-in-aid administered by the FAA. The source of these grants is the Aviation Trust Fund, which is a depository for aviation taxes such as those from airline tickets, aviation fuel, aircraft registrations, and other aviation-related fees. Most eligible projects can receive up to 95% funding from the FAA. These funding levels, however, are not guaranteed. The amount of federal funding that will be made available will depend upon the future of the Airport Improvement Program ("AIP"). State funding is available from the Iowa Department of Transportation Office of Aviation through its Commercial Service Vertical Infrastructure Program. The capital improvement program will need to use other sources of airport-generated funding as well. Commercial service airports such as the Airport have been authorized by Congress to impose Passenger Facility Charges ("PFCs") as a means to collect revenues for airport improvements. A PFC of up to $4.50 is allowed. The Airport has been authorized at this maximum level and uses the revenue to fund capital improvement projects on an annual basis.

The table below outlines the probable funding sources. These could involve AIP discretionary funds, PFCs, and airport revenue bonding. The net Airport match for each planning horizon is presented at the bottom of the table. The financial feasibility of future projects will be determined by the provisions of existing or future leases, funding levels and participation rates of federal and state grant programs, the availability of PFC revenues, bonding capacity, and the ability to generate internal cash flow from the Airport System. The Master Plan's analysis indicates the capital program could be financed in the future while maintaining reasonable rates and charges for its users and tenants.

	Short-Term	Intermediate	Long-Term
Total Project Costs	$119,826,000	$73,477,000	$208,895,290
AIP Eligible Costs	60,712,650	32,833,900	99,703,300
(-)AIP Entitlements	(22,992,725)	(18,933,144)	(49,082,860)
Remaining AIP Eligible Costs	37,719,925	13,900,756	50,620,440
(-) Potential AIP Discretionary (-)	(30,000,000)	(11,340,506)	(50,620,440)
Unfunded Eligible Costs	7,719,925	2,560,250	$0
(+)Non-AIP Eligible Costs	59,113,350	40,643,100	109,191,990
Remaining Project Costs	66,833,275	43,203,350	109,191,990
(-) State Grants	($2,850,000)	(2,400,000)	(5,000,000)
(-) PFC Revenues	(20,908,125)	(18,518,625)	(53,265,938)
Net Airport Match	$43,075,150	$22,284,725	$50,926,053

*Table provide from the City Aviation Dept.

AVIATION SYSTEM FINANCIAL INFORMATION

Revenues and Expenses

The financial statements of the Aviation System for the Fiscal Years ended June 30, 2007 and June 30, 2006 included in **APPENDIX A - "Audited Financial Statements of the Aviation System"** to this Official Statement have been audited by McGladrey & Pullen, independent auditors.

The following table sets forth the historical revenues and expenses and certain Bond-related data of the Aviation System for the five Fiscal Years ended June 30, 2007. Such information is based primarily upon the audited financial statements of the Aviation System for such Fiscal Years.

DES MOINES INTERNATIONAL AIRPORT
Aviation System Revenues and Expenses
(Fiscal Years Ended June 30)

	2002	2003	2004	2005	2006	2007
Operating Revenues						
Landing Fees	$4,646,640	$5,004,725	$6,064,414	$4,553,515	$4,508,716	
Facility Rentals	4,657,222	5,303,818	4,726,051	4,779,260	6,053,813	
Parking fees	5,058,106	5,664,725	5,984,108	6,661,688	6,748,168	
Car Rental Concessions	1,341,940	1,825,163	1,675,598	1,854,683	1,827,396	
Other Concessions	712,852	792,020	795,423	875,313	874,356	
Other airfield-related Revenue	2,793,931	2,879,621	3,180,679	3,066,328	3,909,771	
Other	325,917	378,400	385,674	377,088	392,530	
Total Operating Revenues	19,536,608	21,848,472	22,811,947	22,167,875	24,314,750	
Other Revenues						
Passenger Facility Charges	3,204,412	3,614,075	3,910,277	3,948,628	3,809,524	
Investment Earnings	722,008	521,404	206,030	601,770	752,322	
Capital Grant Revenues	15,520,159	16,173,044	17,302,177	10,858,017	12,342,156	
Operating Grant Revenue	761,939					
Total Other Revenues	20,208,518	20,308,523	21,418,484	15,408,415	16,904,002	
Expenses (Operating and Non-Operating)	(21,241,341)	(26,629,999)	(24,462,729)	(25,774,782)	(27,081,103)	
Net increase (decrease) in assets	$18,503,785	$15,526,996	$19,767,702	$11,801,508	$14,137,649	

***The numbers from this table are from the audited financial statements of the Aviation System.**

Management Discussion of Financial Information

Pledged Revenues. Pledged Revenues for the Fiscal Year ended June 30, 2006, were approximately $24.3 million, which represents an increase of $2.2 million or 9.9% compared to the Fiscal Year ended June 30, 2005. The increase is attributed to increases in facility rentals, which totaled approximately $1.2 million and represented 24.9% of Pledged Revenues in the Fiscal Year ended June 30, 2006.

Expenses. Both Operating and Non-Operating Expenses for the Fiscal Year ended June 30, 2006, were $27 million, which represents an increase of $1.2 million or approximately 4.7% compared to the Fiscal Year ended June 30, 2005. The increase is due to an increase in personnel expense, contractual services and supplies.

Net Increase in Assets. The Aviation System's net increase for the Fiscal Year ended June 30, 2006, was $14.1 million, which represents an increase of $2.3 million or approximately 19.5% compared to Fiscal Year ended June 30, 2005. The increase in Net Assets is primarily due to an increase in Pledged Revenues, resulting from higher facility rental revenues.

Des Moines International Airport
Top Ten Providers - Operating Revenues
For the Fiscal Years Ended June 30, 2007, 2006 and 2005

	2007			2006			2005		
	Rank	Revenue	Percent Of Total Revenue	Rank	Revenue	Percent Of Total Revenue	Rank	Revenue	Percent of Total Revenue
Public Parking				1	$6,629,012	28.5%	1	$6,540,707	29.5%
United Airlines				2	2,654,799	11.4%	2	2,432,349	11.0%
United Parcel Service				3	2,179,141	9.4%	3	2,141,213	9.7%
American Eagle				4	2,121,877	9.1%	5	1,634,832	7.7%
Northwest Airlines				5	2,064,196	8.9%	4	1,700,733	7.4%
Federal Express				6	868,440	3.7%	6	789,582	3.6%
Hertz				7	728,049	3.1%	8	727,189	3.3%
Mesa Airlines				8	603,253	2.6%	9	472,355	2.1%
Allegiant Airlines				9	497,645	2.1%	--	268,216	1.2%
Comair				10	446,574	1.9%	7	770,740	3.5%
National Car Rental				--	375,287	1.6%	10	388,563	1.8%
Total - top ten only					$18,792,986	82.5%		$17,598,263	80.6%
Total operating revenue					$23,229,178			$22,167,875	

***Table provided by the City Aviation Department**

FAA Regulations

The Airport and Airways Improvement Act of 1982, as amended ("AIA"), provides that all airports accepting grants from the Federal Aviation Administration (the "FAA") must use revenues generated by the airport for the capital or operating costs of the airport, the local airport system or other local facilities which are owned or operated by the owner or operator of the airport and directly and substantially relate to the air transportation of passengers or property. The policies of the FAA prohibit an airport from making direct or indirect payments that exceed the fair and reasonable value of the respective services and facilities provided to the airport. If the City violates the policies of the FAA, the FAA may withhold payment of AIP (as defined below) grants or rescind the City's ability to collect PFCs until the City corrects such violation. The City is not aware of any challenges by the FAA to the payments being made by the City.

Federal Grants

The AIA created the Airport Improvement Program ("AIP"), which is administered by the FAA and funded by the Airport and Airway Trust Fund. Under AIP, the FAA awards grant moneys to airports around the country for capital improvement projects. The Airport and Airway Trust Fund is financed by federal aviation user taxes. Grants are available to airport operators in the form of "entitlement" funds and "discretionary" funds. Entitlement funds are apportioned based upon enplaned passengers and discretionary funds are available at the discretion of the FAA based upon a national priority system. In addition, pursuant to the PFC Acts (as defined below), an airport's annual federal entitlement grants are reduced by 50% following the imposition of PFCs up to $3.00 and 75% for PFCs in excess of $3.00. Before federal approval of any AIP grants can be given, eligible airports must provide written assurances that they will comply with a variety of statutorily specified conditions.

The City anticipates receiving both FAA entitlement and discretionary grants to fund a portion of certain capital projects at the Airport. In Fiscal Year 2007 and 2008, the City was awarded $3,955,230 and ***[$1,649,770]*** respectively of FAA AIP grants which represented 95% of the price of 268 acres of land purchased by the Airport.

No assurance can be given that federal grants-in-aid will actually be received in the amount or at the time contemplated by the City. In addition, the current AIP program expired on September 30, 2007, and will require federal reauthorization to continue. No assurance can be given that such reauthorization will occur or at what levels the program may be funded in the future.

Passenger Facility Charges

The Aviation Safety and Capacity Expansion Act of 1990 (P.L. 101-508) (the "Expansion Act") and the Wendel H. Ford Aviation Investment and Reform Act for the 21st Century (P.L. 106-181) ("AIR 21" and collectively with the Expansion Act, the "PFC Acts") permit public agencies controlling commercial service airports to impose a PFC of $1.00, $2.00, $3.00, $4.00 or $4.50 on each passenger of an air carrier enplaned at the airport, subject to certain limitations. Public agencies wishing to impose and use these PFCs must apply to the FAA for such authority and satisfy the requirements of the PFC Acts. PFCs are available to airports to finance certain projects that (i) preserve or enhance capacity, safety or security of the national air transportation system, (ii) reduce noise resulting from an airport, or (iii) furnish opportunities for enhanced competition among air carriers. With respect to a PFC of $4.00 or $4.50, the fee should also make a significant contribution to improving air safety and security, increasing competition among air carriers, reducing current or anticipated congestion, or reducing the impact of aviation noise on people living near the airport.

The City has received authorization from the FAA to collect and expend PFC Revenue. The City first applied for PFC approval in 1993 at a level of $3.00 per passenger, and since that time has applied for and received approval for several other projects. In 2001, the collection level was raised to $4.50 per passenger. As approved projects were completed, portions of the PFC program have been closed. The currently-authorized collections and planned project expenditures total approximately $50.0 million. The City's collection authority extends through September 30, 2017.

The FAA may terminate the City's ability to impose the PFC, subject to informal and formal procedural safeguards, if (a) PFC revenues are not being used for approved projects in accordance with the FAA's approval, the PFC Acts or the regulations promulgated thereunder, or (b) the City otherwise violates the PFC Acts or regulations. The City's authority to impose the PFC may also be terminated if the City violates certain provisions of the Airport Noise and Capacity Act of 1990 ("ANCA") and its implementing regulations. The regulations under ANCA also contain procedural safeguards to ensure that the City's authority to impose a PFC would not be summarily terminated. No assurance can be given that the City's authority to impose the PFC will not be terminated by Congress or the FAA, that the PFC program will not be modified or restricted by Congress or the FAA so as to reduce PFC revenues available to the City or that the City will not seek to decrease the amount of the PFC to be collected. In the event the FAA or Congress reduced or terminated the City's ability to collect PFCs, the City may need to find other sources of funding, including issuing Additional Bonds, to finance the projects currently being paid for with PFC revenues.

In addition, no assurance can be given that PFCs will actually be received in the amount or at the time contemplated by the City. The actual amount of PFC revenues received each Fiscal Year will vary depending on the number of qualifying passenger enplanements at the Airport.

PFC revenues are not included in the definition of Revenues and therefore are not pledged to the payment of Bonds, including the Series 2007 Notes. However, pursuant to the Master Resolution, the City has the ability to provide for the inclusion of PFC revenues in the definition of Revenues, or to pledge PFC revenues to the payment of other obligations which are not Bonds as defined in the Master Resolution. The City does not have any current plans to include PFC revenues in the definition of Revenues.

FACTORS AFFECTING THE AIRPORT AND THE AIR CARRIER INDUSTRY

General

The City's ability to collect Revenues may be affected by the ability of the airlines operating at the Airport to meet their respective obligations under the Airline Agreements and other arrangements. In addition, the level of aviation activity at the Airport can have a material impact on the amount of Revenues and PFC revenues of the Airport. The amount of moneys to be deposited into the Revenue Fund in any given month is also dependent upon (1) payment of amounts received from air carriers under the Airline Agreements or other arrangements, and (2) the level of concession and non-air carrier revenues, which is dependent upon activity at the Airport. Amounts available for deposit in the Revenue Fund could be adversely affected by delays or defaults in the payments of rates and charges by the air carriers at the Airport.

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

National and International Economic and Political Conditions

Historically, air carrier passenger traffic nationwide has correlated closely with the state of the United States economy and levels of real disposable income. Sustained future growth in domestic air carrier passenger traffic will depend largely on the ability of the nation to sustain economic growth.

As international trade and air travel have increased, international economics, currency exchange rates, trade balances, political relationships, and conflicts within and between foreign countries have become important influences on passenger traffic at major United States airports. Aviation security precautions and safety concerns arising from international political conflicts also can affect air carrier travel demand.

The events of September 11, 2001, fundamentally altered industry dynamics and passenger travel patterns. See **"Aviation Security Requirements and Related Costs"** and **"Revenues from Air Carriers"** below.

Aviation Security Requirements and Related Costs

The terrorist attacks of September 11, 2001, severely affected the air transportation industry. As an immediate measure, the federal government imposed a temporary suspension of commercial and general aviation air travel in the United States that adversely affected the air transportation system.

As a result of the events of September 11, 2001, and continuing air safety concerns, the FAA instituted numerous safety and security measures for all U.S. airports. The measures included, but were not limited to, prohibiting non-ticketed persons beyond security checkpoints and enhancing the search and security checks of all passengers and baggage.

On November 19, 2001, the Aviation and Transportation Security Act (the "Aviation Security Act") was enacted. The Aviation Security Act provides among other things, for the establishment of the TSA. The cost for and the provision of airport security was transferred to and now is administered by the federal government through TSA instead of private companies. The Aviation Security Act also permits the deployment of air marshals on all flights and requires deployment of air marshals on all "high risk" flights.

The airlines and the federal government are primarily responsible for, and bear most of the capital costs associated with, implementing the new security measures. The Aviation Security Act requires that TSA-approved explosive detection systems ("EDS") be deployed at all U.S. airports to screen all checked baggage. EDS equipment purchased by the federal government has been installed at the Airport. In some cases, installation of EDS equipment necessitated structural modifications to terminal buildings and substantially all of the cost of those modifications and the installation was borne by the TSA. The Airport is currently in compliance with all federally mandated security requirements.

The City's operating costs also increased due to procedures that had to be implemented when the Department of Homeland Security instituted a threat level alert system which uses "Code Orange" for a high threat level and "Code Red" for a severe threat level. The national threat level has been raised and lowered several times.

Enplanements at the Airport, collections of PFCs and the receipt of Revenues were adversely affected by the events of September 11, 2001, and by the financial condition of the air transportation industry. Although passenger traffic at the Airport has now surpassed its pre-September 11, 2001, level, no assurances can be given that enplanements at the Airport will not be adversely affected in the future by a variety of factors that are outside of the control of the City.

International Conflict and the Threat of Terrorism

As a result of the conflicts in the Middle East and related terrorist threats immediately following the events of September 11, 2001, airlines significantly reduced the number of transatlantic flights and airline revenues and cash flow were adversely affected. Although traffic in 2005, 2006 and the first six months of 2007, has exceeded the pre-September 11, 2001 levels, uncertainty associated with war and the threats of future terrorist attacks may have an adverse impact on air travel in the future.

Revenues from Air Carriers

Historically, the airline industry's results have corresponded with the performance of the economy. Air carrier fares have an important effect on passenger demand, particularly for relatively short trips where the automobile or other travel modes are alternatives and for price-sensitive "discretionary" travel, such as vacation travel. Airfares are influenced by air carrier operating costs and debt burden, passenger demand, capacity and yield management, market presence and competition.

Air travel demand and airline revenues dropped precipitously as a result of the Events of September 11, 2001. The stringent security processing implemented at airports and a sluggish economic recovery that followed the events of September 11, 2001, inhibited recovery of air travel demand and caused a further drop in airline revenues. Most major U.S. airlines filed for bankruptcy protection. Faced with dampened air travel demand, an evolving business climate and growing competition from low-cost, low-fare carriers, airlines reduced schedules, simplified fleets, deferred new aircraft delivery, transferred routes to regional partners, reduced and/or eliminated service to unprofitable markets, implemented pay cuts and reduced workforces and introduced innovations in passenger service, including the use of the internet and self-service kiosks.

Passenger traffic began to recover in 2003 and by 2004, U.S. airline passenger enplanements and airline operating revenues returned to the pre-September 11, 2001, levels. According to the Air Transportation Association, in 2005, U.S. airline passenger enplanements and airline operating revenues exceeded the pre-September 11, 2001, levels by 10.9% and 15.2%, respectively.

Air Carrier Service and Routes

While passenger demand at an airport depends on the population and the economy of the region served, air carrier service and the number of passengers enplaned also depend on the route networks of the air carriers serving the airport. Domestic air carriers are free to enter or leave individual air traffic markets, and to increase or decrease service at will. Most major air carriers have developed "hub-and-spoke" route networks as a means of increasing their service frequencies, passenger volumes, and profitability.

Low-cost Carriers and Low-fare Divisions of Legacy Carriers

In recent years, low-cost carriers have accounted for an increasing share of the domestic U.S. passenger market at the expense of the legacy carriers. Nationally, low-cost carrier service accounted for approximately 10% of passenger traffic in the early 1990's and increased to approximately 25% in 2006. Increased competition from low-cost carriers has placed additional pressure on the legacy carriers to institute further cost-cutting measures, reduce their fares to remain competitive and introduce their own low-fare divisions.

Currently, the Airport is served by one low-cost carrier: Allegiant Air. Allegiant Air accounted for 5.4% of total Airport enplanements in the 2006 Calendar Year.

Aviation Fuel Costs

According to the Air Transportation Association, fuel is the second largest cost component of airline operations after labor and continues to be an important and uncertain determinate of an air carrier's operating economics. Fluctuating fuel prices have caused corresponding fluctuations in airfares and air carrier operating results.

The median price of crude oil in the 10-year period from 1992 until 2001 was $19.90 per barrel. The average price of crude oil in 2005 was $46.47 per barrel and the average in 2006 was $58.30 per barrel. For the first six months of 2007, the average price was approximately $61.53 per barrel and aviation fuel prices reached record levels in the summer of 2007. Significant and prolonged increases in the cost of aviation fuel have had, and are likely to continue to have, an adverse impact on air transportation industry by reducing airline profitability and hampering airline financial recovery plans.

FINANCIAL CONDITION OF CERTAIN AIRLINES SERVING THE AIRPORT

General

The Airport derives its operating revenues primarily from landing and facility rental fees. The financial strength and stability of the airlines serving the Airport, among other factors, including the decisions of individual airlines regarding levels of service, affect the level of aviation activity at the Airport and Aviation System Revenues. For information regarding airline activity at the Airport, see **"CERTAIN INVESTMENT CONSIDERATIONS - Airline Activity at the Airport."**

The principal airlines serving the Airport are American, Northwest and United. For the twelve months ended December 31, 2006, American accounted for approximately ____% of the total airline rentals, fees and charges component of the Airport's operating revenue and approximately 23.8% of total enplanements, including regional affiliates. For the twelve months ended December 31, 2006, Northwest accounted for approximately _____% of the total airline rentals, fees and charges component of the Airport's operating revenue and approximately 23.2% of total enplanements. For the twelve months ended December 31, 2006, United, together with its affiliates, accounted for approximately _____% of the total airline rentals, fees and charges component of the Airport's operating revenue and approximately 27.4% of total enplanements, including regional affiliates. Northwest and United have each emerged from bankruptcy protection with the last two years. Certain limited information regarding the financial condition of American, Northwest and United and certain other airlines operating at the Airport is set forth below.

American

According to the information filed with the SEC, American reported a net loss of $821 million in 2004, and a net loss of $892 million in 2005. American reported net income of $164 million for 2006.

No assurance can be given that American and its affiliates will continue their operations at their existing level at the Airport. Any further reduction in such operations could have a material adverse impact on aviation activity at the Airport and, consequently, on Aviation System Revenues.

*The above information is derived principally from, and is qualified by, the information contained in American's Form 10-K for the year ended December 31, 2006, filed with the SEC. More complete information is contained in such filings. See **"Additional Information"** below.*

Northwest

According to the information filed with the SEC, Northwest reported a net loss of $862 million in 2004, and a net loss of $2,533 million in 2005. Northwest reported net loss of $2,835 million for 2006.

No assurance can be given that Northwest and its affiliates will continue their operations at their existing level at the Airport. Any further reduction in such operations could have a material adverse impact on aviation activity at the Airport and, consequently, on Aviation System Revenues.

*The above information is derived principally from, and is qualified by, the information contained in Northwest's Form 10-K for the year ended December 31, 2006, filed with the SEC. More complete information is contained in such filings. See "**Additional Information**" below.*

United

According to the information filed with the SEC, United reported a net loss of $1,679 million in 2004, and a net loss of $21,036 million in 2005. In connection with its emergence from Chapter 11 bankruptcy protection, United adopted a fresh-start reporting in accordance with Statement of Protection 90-7 and in conformity with Generally Accepted Accounting Principles as of February 1, 2007. As a result of the adoption of fresh-start reporting, the financial statements prior to February 1, 2006 are not comparable with the financial statements after February 1, 2006. United reported net income of $22,626 million for the month of January and a net income of $32 million from February 1, 2006 through December 31, 2006.

No assurance can be given that United and its affiliates will continue their operations at their existing level at the Airport. Any further reduction in such operations could have a material adverse impact on aviation activity at the Airport and, consequently, on Aviation System Revenues.

*The above information is derived principally from, and is qualified by, the information contained in United's Form 10-K for the year ended December 31, 2006, filed with the SEC. More complete information is contained in such filings. See "**Additional Information**" below.*

Certain Other Airlines

The secondary airlines serving the Airport are Delta and Allegiant. For the twelve months ended December 31, 2006, Delta accounted for approximately ___% of the total airline rentals, fees and charges component of the Airport's operating revenue and approximately 10.1% of total enplanements. For the twelve months ended December 31, 2006, Allegiant accounted for approximately ____% of the total airline rentals, fees and charges component of the Airport's operating revenue and approximately 5.4% of total enplanements.

There can be no assurance that any of the of the other airlines operating at the Airport will continue to operate at the Airport or at its current level of operation; nor can there be any assurance that any airline operating at the Airport is not incurring or will not incur financial difficulties affecting its level of operations at the Airport or its ability to continue to operate as a viable airline.

Additional Information

Most of the Signatory Airlines, including American Airlines, Northwest Airlines, Delta Airlines and United Airlines (or their parent corporations), and certain other air carriers operating at the Airport (or their parent corporations), are subject to reporting requirements of the Exchange Act, and, in accordance therewith, file reports and other information with the SEC. Certain information, including financial information, concerning each reporting Signatory Airline (or its parent corporation) is contained in such documents filed with the SEC. Such documents can be read and copied at the SEC's Public Reference Room located at 450 Fifth Street, N.W., Washington, D.C. Further information regarding the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330. Documents filed with the SEC can also be obtained at the SEC's Internet website at http://www.sec.gov. In addition, each domestic Signatory Airline is required to file periodic reports of financial and operating statistics with the U.S. Department of Transportation. Such reports can be inspected at the following location: Office of Airline Information, Bureau of Transportation, Room 4201, 400 Seventh Street, S.W., Washington, D.C. 20590, and copies of such reports can be obtained from the U.S. Department of Transportation at prescribed rates.

Neither the City nor the Underwriter undertake any responsibility for or make any representation as to the accuracy or completeness of (i) any reports and statements filed with the SEC or the U.S. Department of Transportation or (ii) any material contained on the SEC's website as described in the preceding paragraph, including, but not limited to, updates of information on the SEC website or links to other internet sites accessed through the SEC's website.

CERTAIN INVESTMENT CONSIDERATIONS

The Series 2007 Notes may not be suitable for all investors. Prospective purchasers of the Series 2007 Notes should give careful consideration to the information set forth in this Official Statement, including, but not limited to, the matters referred to in the following summary.

Airline Activity at the Airport

The Airport derives a substantial portion of its operating revenues from landing and facility rental fees. The financial strength and stability of the airlines using the Airport, and the number and the percentage of enplaned passengers carried by any one airline, together with numerous other factors, influence the level of aviation activity at the Airport. In addition, individual airline decisions regarding level of service, particularly hub activity at the Airport, can affect total enplanements.

United, American and Northwest (including their affiliates) are the dominant carriers at the Airport, together accounting for approximately _____% of the total airline rentals, fees and charges component of the operating revenue and approximately 74.4% of total enplanements at the Airport, in the twelve months ended December 31, 2006. In recent years, all of these airlines have experienced significant losses, and two of them have gone through bankruptcy proceedings. No assurances can be given that any of these airlines will continue their operations at the Airport or that, if any of them discontinues or reduces such operations, its current level of activity will be replaced by other carriers. See "**AIRPORT OPERATIONS.**"

For information regarding the financial condition of American Airlines and Southwest, see "**FINANCIAL CONDITION OF CERTAIN AIRLINES SERVING THE AIRPORT.**"

Airline Industry Factors

The Revenues of the Aviation System are affected substantially by the economic health of the airline industry and the airlines serving the Airport. Some factors that may materially affect the Airport and the airlines include, but are not limited to, growth of population and the economic health of the region and nation, airline service and route networks, national and international economic and political conditions, changes in demand for air travel, service and cost competition, mergers, the availability and cost of aviation fuel and other necessary supplies, levels of air fares, fixed costs and capital requirements, the cost and availability of financing, the capacity of the national air traffic control system, national and international disasters and hostilities, the cost and availability of employees, labor relations within the airline industry, regulation by the federal government, environmental risks and regulations, noise abatement concerns and regulation, the financial health and viability of the airline industry, bankruptcy and insolvency laws, acts of war or terrorism and other risks. Many airlines, as a result of these and other factors, have operated at a loss in the past and many have filed for bankruptcy, ceased operations and/or merged with other airlines. Historically, the financial performance of the airline industry has correlated generally with the strength of the national economy. See "**FACTORS AFFECTING THE AIRPORT AND THE AIR**

CARRIER INDUSTRY – General" and "FINANCIAL CONDITION OF CERTAIN AIRLINES SERVING THE AIRPORT"

Certain Factors Affecting the Airport

Enplanements at the Airport, collections of PFCs and the receipt of Revenues have been adversely affected and may continue to be negatively affected by restrictions on the Airport and the financial condition of the air travel industry. Like many airport operators, the Airport has experienced increased operating costs due to compliance with federally mandated and other security and operating changes. In addition, the FAA may require further enhanced security measures and impose additional restrictions on the Airport, which may affect future Aviation System results. The City cannot predict the likelihood of the occurrence of future incidents similar to the events of September 11, 2001, the likelihood of future air transportation disruptions or the impact on the Airport or the airlines from such incidents or disruptions. See **"FACTORS AFFECTING THE AIRPORT AND THE AIR CARRIER INDUSTRY."**

Regulations and Restrictions Affecting the Airport

The operations of the Airport and its ability to generate revenues are affected by a variety of legislative, legal, contractual and practical restrictions. These include, without limitation, limitations imposed by the Use Agreements and the Operating Agreements, and by extensive federal regulations applicable to all airports. The following summarizes some of the applicable regulations and restrictions:

Restrictions as a Result of the Events of September 11, 2001

The federal government has imposed enhanced security restrictions applicable to all airports in the United States. Such enhancements have resulted in additional costs to the Airport, caused delays to travelers and have discouraged air travel by some members of the public. See **"FACTORS AFFECTING THE AIRPORT AND THE AIR CARRIER INDUSTRY – Aviation Security Requirements and Related Costs."**

Federal Funding Regulations

The FAA has the power to terminate the authority to impose PFCs if the City's PFC revenues are not used for approved projects, if project implementation does not commence within the time periods specified in the FAA's regulations or if the City otherwise violates FAA regulations. The City's plan of funding for the Future Runway Project, the Airfield Storage Expansion and the Remodeling of the Terminal Basement is premised on certain assumptions with respect to the timing and amounts of the City's PFC applications, and the availability of PFCs to fund PFC-Eligible portions of certain of those projects. In the event that amounts collected through PFCs are lower than expected, the City may elect to delay certain projects or to seek alternative sources of funding, including the issuance of additional Bonds.

Expiration and Possible Termination of Airline Agreements

Pursuant to the Airline Agreements, each Signatory Airline is required to pay certain rates and charges for its use of the Airport. The existing Use Agreements expire on June 30, 2008. The City and the Signatory Airlines have the right, under certain circumstances, to terminate such agreements prior to their expiration. See **APPENDIX C – "Summary of Certain Provisions of the Use Agreements and Operating Agreements."**

The costs of certain capital expenditures by the Airport may be included in rental and landing fees payable under the Use Agreements unless such projects are opposed by the Participating Airlines. See **"CERTAIN AGREEMENTS FOR USE OF THE AIRPORT'S FACILITIES."**

Effect of Bankruptcy

Airline Agreements

In the event of bankruptcy proceedings involving one or more of the Signatory Airlines, the debtor airline or its bankruptcy trustee must determine within a time period determined by the court whether to assume or reject the applicable Use Agreement. However, bankruptcy courts are courts of equity and can grant exceptions to these statutory limitations. In the event of assumption, the debtor airline would be required to cure any prior defaults and to provide adequate assurance of future performance under the relevant document. Rejection of a Use Agreement by any Signatory Airline would give rise to an unsecured claim of the City for damages, the amount of which may be limited by the Bankruptcy Code. In general, under the Use Agreements, the City is not permitted to allocate to other Signatory Airlines the rents, fees and charges for facilities surrendered by Signatory Airlines pursuant to a rejection in bankruptcy.

If the bankruptcy of one or more Signatory Airlines were to occur, however, there can be no assurance that the remaining Signatory Airlines would be able, individually or collectively, to meet their obligations under the Use Agreements. Whether or not a Use Agreement is assumed or rejected in a bankruptcy proceeding, it is not possible to predict the subsequent level of utilization of the gates leased under such agreement. Decreased utilization of gates could have a material adverse effect on Airport operations, as well as on Revenues and ultimately on the cost to the airlines of operating at the Airport. See **APPENDIX C - "Summary of Certain Provisions of the Use Agreements and the Operating Agreements."**

PFCs

Pursuant to the Aviation Safety and Capacity Expansion Act of 1990 (P.L. 101-508), the Wendel H. Ford Aviation Investment and Reform Act for the 21st Century (P.L. 106-181) and the 2003 FAA Reauthorization Act (collectively, the "PFC Acts"), the FAA has approved the City's applications to require airlines to collect and remit to the City a $4.50 PFC for each enplaning revenue passenger at the Airports.

The PFC Acts provide that PFCs collected by the airlines constitute a trust fund held for the beneficial interest of the eligible agency (i.e., the City) imposing the PFCs, except for any handling fee or retention of interest collected on unremitted proceeds. In addition, federal regulations require airlines to account for PFC collections separately and to disclose the existence and amount of funds regarded as trust funds for financial statements. Airlines are permitted to commingle PFC collections with other revenues. Airlines that have filed for protection under Chapter 7 or 11 bankruptcy are required to segregate PFC revenue in a separate account for the benefit of the airport and cannot grant a third party any security or other interest in PFC revenue. The airlines are entitled to retain interest earned on PFC collections until such PFC collections are remitted. PFCs collected by airlines are required by the bankruptcy court to be placed in accounts separate from other airline revenue accounts and be paid to airports monthly in accordance with the PFC regulations. However, the City cannot predict whether an airline that files for bankruptcy protection will properly account for the PFCs or whether the bankruptcy estate will have sufficient moneys to pay the City in full for the PFCs owed by such airline. PFCs are not pledged to the repayment of the Bonds. The City has recovered all of its PFCs from each of the airlines that filed for Chapter 11 bankruptcy protection.

Limitations on Noteholders' Remedies

The occurrence of an Event of Default under the Master Resolution, including a failure to make a payment of principal of or interest on the Series 2007 Notes, will not result in an automatic acceleration of payment of the Series 2007 Notes. As a result, the Aviation System may be able to continue indefinitely collecting Revenues and applying them to the operation of the Aviation System, even if an Event of Default has occurred and no payments are being made on the Series 2007 Notes. See **"THE SERIES 2007 NOTES - Matters Relating to Enforceability"** and **"-- No Right to Acceleration."**

Costs of Capital Improvement Programs and Schedule

The estimated costs of, and the projected schedule for, the projects included in the Future Runway Expansion Project, the Airfield Storage Expansion and the remodeling of the Terminal Basement depend on various sources of funding, including additional Bonds, PFCs and federal grants, and are subject to a number of uncertainties. The ability of the City to complete these projects may be adversely affected by various factors including: (i) estimating errors; (ii) design and engineering errors; (iii) changes to the scope of the projects; (iv) delays in contract awards; (v) material and/or labor shortages; (vi) unforeseen site conditions; (vii) adverse weather conditions; (viii) contractor defaults; (ix) labor disputes; (x) unanticipated levels of inflation; and (xi) environmental issues, including environmental approvals that the City has not obtained at this time. A delay in the completion of certain projects could delay the collection of Revenues in respect of such projects, increase costs for such projects, and may cause the rescheduling of other projects. Any schedule delays or cost increases could result in the need to issue additional Bonds and may result in increased costs per enplaned passenger to the airlines serving the Airport System, which may place the Airport at a competitive disadvantage to other airports. See **"CAPITAL IMPROVEMENT PROGRAMS AT THE AIRPORT."**

Forward Looking Statements

This Official Statement, including the information contained under the captions **"INTRODUCTION," "THE SERIES 2007 NOTES,"** and **"CAPITAL IMPROVEMENT PROGRAMS AT THE AIRPORT"**, contains statements relating to future results that are "forward looking statements" as described in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "projection," "intend," "expect," and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. Among the factors that may cause projected revenues and expenditures to be materially different from those anticipated include an inability to incur debt at assumed rates, construction delays, increases in construction costs, general economic downturns, factors affecting the airline industry in general, changes in the levels of operations at the Airport, federal legislation and/or regulations, acts of terrorism and regulatory and other restrictions, including, but not limited to, those that may affect the ability to undertake the timing or the costs of certain projects. Any projection is subject to such uncertainties. Therefore, there are likely to be differences between projections and actual results, and those differences may be material.

Forward Delivery

The City expects to issue and deliver the Series 2007E Notes on a forward delivery date, which is expected to be on or about ______, 2008. Events which may occur prior to the settlement date on the Series 2007E Notes may have a significant consequence to investors who have agreed to purchase the Series 2007E Notes.

TAX MATTERS AFFECTING THE SERIES 2007D AND 2007E NOTES

Federal Income Tax Consequences Generally

In the opinion of Ahlers & Cooney, P.C., Bond Counsel, assuming continuing compliance with certain covenants made by the City, (1) interest on the Series 2007D Notes (a) is excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, with respect to corporations, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternate minimum tax imposed on such corporations; and (2) unless the owner is a "substantial user" of the 2007 projects financed with the proceeds of the Series 2007E Notes or a "related person" thereto, as defined in the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Series 2007E Notes is not included in gross income of the owners thereof for federal income tax purposes and is an item of tax preference for the purposes of the computation of federal alternative minimum tax imposed on individuals and corporations and is required to be included in the calculation of "adjusted net book income" or "adjusted current earnings" for the purposes of computing the alternative minimum tax imposed on corporations. Interest on the Series 2007D and Series 2007E Notes is not exempt from present Iowa income taxes. Bond counsel will express no other opinions with respect to federal or state tax consequences to owners of the Series 2007D and Series 2007E Notes.

Prospective purchasers of the Series 2007D and Series 2007E Notes should be aware that (i) Section 265 of the Code, denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2007D and Series 2007E Notes or, in the case of a financial institution, that portion of a holder's interest expense allocated to interest on the Series 2007D and Series 2007E Notes, (ii) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the Series 2007D and Series 2007E Notes, (iii) interest on the Series 2007D and Series 2007E Notes earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, (iv) passive investment income, including interest on the Series 2007D and Series 2007E Notes, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S Corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25 percent of the gross receipts of such Subchapter S corporation is passive investment income, and (v) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account in determining gross income, receipts or accruals of interest on the Series 2007D and Series 2007E Notes.

In order to maintain the exemption from federal income taxes of interest on the Series 2007D and Series 2007E Notes and for no other purpose, the City covenants in the Bond Master Resolution to comply with the provisions of the Code. Until and unless, and except to the extent in the opinion of Bond Counsel, the following are not necessary to maintain the tax-exempt status of the Series 2007D and Series 2007E Notes, the City makes certain covenants, representations and warranties with respect to the Series 2007D and Series 2007E Notes. The City covenants to submit in a timely manner all reports, accountings and information to the Internal Revenue Service and will take whatever action is necessary within its power to assure the continued tax exemption on the Series 2007D and Series 2007E Notes, and to take whatever action is necessary within its power to comply with the applicable law and regulations in order to maintain tax exemption with respect to the Series 2007D and Series 2007E Notes.

The Bond Master Resolution may be amended without the consent of any owner of the Series 2007D and Series 2007E Notes for the purpose of taking action necessary to maintain tax exemption with respect to the Series 2007D and Series 2007E Notes under applicable federal law or regulations.

The Series 2007D and Series 2007E Notes will not be "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for federal tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

Other Federal Tax Matters

Ownership of the Series 2007D and Series 2007E Notes may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, individuals seeking to claim the earned income credit, and taxpayers including banks, thrift institutions and other financial institutions who may be deemed to have incurred or continued indebtedness to purchase or to carry the Series 2007D and Series 2007E Notes.

Commencing with interest paid in 2006, interest paid on tax-exempt obligations such as the Series 2007D and Series 2007E Notes is subject to information reporting to the Internal Revenue Service (the "IRS") in a manner similar to interest paid on taxable obligations. In addition, interest on the Series 2007D and Series 2007E Notes may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Bond Counsel is not rendering any opinion as to any federal tax matters other than those set forth in the forms of opinions included in Appendix E. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2007D and Series 2007E Notes, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Changes in Federal Tax Law and Post Issuance Events

From time to time proposals are introduced in Congress that, if enacted into law, could have an adverse impact on the potential benefits of the exclusion from gross income for federal income tax purposes of the interest on the Series 2007D and Series 2007E Notes, and thus on the economic value of the Series 2007D and Series 2007E Notes. This could result from reductions in federal income tax rates, changes in the structure of the federal income tax rates, changes in the structure of the federal income tax or its replacement with another type of tax, repeal of the exclusion of the interest on the Series 2007D and Series 2007E Notes from gross income for such purposes, or otherwise. It is not possible to predict whether any legislation having an adverse impact on the tax treatment of Holders of the Series 2007D and Series 2007E Notes may be proposed or enacted.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Series 2007D and Series 2007E Notes may affect the tax status of interest on the Series 2007D and Series 2007E Notes. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Series 2007D and Series 2007E Notes, or the interest thereon, if any action is taken with respect to the Series 2007D and Series 2007E Notes or the proceeds thereof upon the advice or approval of other counsel.

TAXABILITY OF INTEREST – SERIES 2007F NOTES

General

The following discussion is a summary of certain Federal income tax consequences relating to the purchase, ownership, and disposition of the Series 2007F Notes, based on certain relevant provisions of the Code. This discussion does not purport to deal with all aspects of Federal income taxation that may affect particular investors in light of their individual circumstances, and is limited to investors who hold the Series 2007F Notes as capital assets under Section 1221 of the Code, which generally means property held for investment. Prospective investors, particularly those subject to special rules, should consult their tax advisors regarding the consequences of purchasing, owning, and disposing of the Series 2007F Notes for Federal income tax purposes, and for State and local tax purposes.

Interest Income Taxable

In general, interest on the Series 2007F Notes is includable in the gross income of the owners thereof as ordinary interest income for Federal income tax purposes. Except for original issue discount, which accrues under special rules, interest income on the Series 2007F Notes is so included in the gross income of the owners when accrued or received in accordance with the owner's regular method of Federal tax accounting.

Sale, Exchange, or Other Disposition

In general, upon the sale, exchange, or redemption of a Series 2007F Note, an owner will recognize taxable gain or loss in an amount equal to the difference between the amount realized and the owner's adjusted tax basis in the Series 2007F Note. An owner's adjusted tax basis in a Series 2007F Note generally will equal the owner's initial cost of the Series 2007F Note, plus any accrued original issue discount and accrued market discount previously included in the owner's taxable income. Such gain or loss generally will be capital gain or loss. Such gain or loss generally will be long-term capital gain or loss if the owner has held the Series 2007F Note for more than one year. Subject to various special rules, the Code currently provides preferential treatment for certain net long-term capital gains realized by individuals and generally limits the use by any taxpayer of capital losses to reduce ordinary income.

Backup Withholding and Information Reporting

In general, information reporting requirements will apply to non-corporate owners of Series 2007F Notes with respect to payments of the principal of and interest on the Series 2007F Notes and proceeds of sale of such Series 2007F Notes before maturity. Backup withholding at a rate of 28% generally will apply to such payments unless the owner: (i) is a corporation or other exempt recipient and, when required, demonstrates that fact, or (ii) provides a correct taxpayer identification number, certifies under penalties of perjury when required that such owner is not subject to backup withholding, and has not been notified by the IRS that it has failed to report all interest and dividends required to be shown on its Federal income tax returns.

LITIGATION

There is no litigation pending or, to the best knowledge of the City, threatened that would restrain or enjoin the issuance or delivery of the Series 2007 Notes, that questions the validity of the Series 2007 Notes or the Master Resolution, concerns any proceedings of the City taken in connection therewith, the pledge or application of any Revenues provided for their payment, or that contests the power of the City with respect to the foregoing.

The Airport is subject to a variety of other suits and proceedings arising out of its ordinary course of operations, some of which may be adjudicated adversely. In the opinion of the City Attorney there is no litigation, other than that set forth above, pending against the City not sufficiently covered by insurance which, if determined adversely, would have a material adverse effect on Airport operations, Revenues or Pledged Revenues.

UNDERWRITING

Merrill Lynch, Pierce, Fenner & Smith, Incorporated (the "Underwriter"), has agreed to purchase the Series 2007D Notes from the City at an aggregate purchase price equal to $______________ (which amount constitutes the aggregate principal amount of the Series 2007D Notes, plus original issue ***[premium]*** on the Series 2007D Notes of $______________, less the Underwriters' discount on the Series 2007D Notes of $_______________): has agreed to purchase the Series 2007E Notes from the City at an aggregate purchase price equal to $______________ (which amount constitutes the aggregate principal amount of the Series 2007E Notes, plus original issue ***[premium]*** on the Series 2007E Notes of $______________, less the Underwriters' discount on the Series 2007E Notes of $_______________); and has agreed to purchase the Series 2007F Notes from the City at an aggregate purchase price equal to $______________ (which amount constitutes the aggregate principal amount of the Series 2007F Notes, plus original issue ***[premium]*** on the Series 2007F Notes of $______________, less the Underwriters' discount on the Series 2007F Notes of $_______________).

The Bond Purchase Agreement between the Underwriter and the City with respect to the Series 2007D Notes and the Series 2007E Notes provides that the Underwriter will purchase all of such Notes, if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions. The Bond Purchase Agreement between the Underwriter and the City with respect to the Series 2007F Notes provides that the Underwriter will purchase all of such Notes, if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement, including the continuing compliance by the Aviation System with certain covenants and representations between the date of the Bond Purchase Agreement and the date of the closing of the issuance of the Series 2007F Notes, the approval of certain legal matters by counsel and certain other conditions.

The initial public offering prices of the Series 2007 Notes may be changed from time to time by the Underwriter.

DESCRIPTION OF FORWARD DELIVERY BOND PURCHASE AGREEMENT

INDEPENDENT PUBLIC ACCOUNTANTS

Included as **APPENDIX A** are the audited financial statements of the Aviation System as of June 30, 2007 and 2006 and for the years then ended, together with the report thereon of McGladrey and Pullen, independent public accountants. This Official Statement does not include financial information on the Aviation System after June 30, 2007.

FINANCIAL ADVISORS

Public Financial Management served as a financial advisor to the City with respect to the sale of the Series 2007 Notes. The Financial Advisor assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring and issuance of the Series 2007 Notes and provided other advice. The Financial Advisor has not independently verified the factual information contained in this Official Statement, but has relied upon information supplied by the City and other sources who have certified that such information contains no material misstatement or omission.

LEGAL MATTERS

All legal matters incident to the authorization, issuance and sale of the Series 2007 Notes are subject to the approval of Ahlers & Cooney, P.C., Des Moines, Iowa, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the City by the City Attorney, and for the Underwriter by Davis, Brown, Koehn, Shors & Roberts, P.C., Des Moines, Iowa. The forms of the Bond Counsel opinions are set forth in **APPENDIX E** attached hereto.

VERIFICATION AGENT

The accounting firm of ____________________ will, upon delivery of the Series 2007 Bonds, deliver a report stating that such firm has reviewed the mathematical accuracy of certain computations based upon, among other things, mathematical computations provided to them by the Underwriters, relating to (i) the sufficiency of the principal and interest received from the investments held in escrow to meet the timely payment of principal and interest on the Refunded Bonds on and prior to their final payment dates and (ii) the yield on the Series 2007 Bonds and the acquired obligations to be held in escrow, such computations with respect to yields to be used to support the conclusion of Bond Counsel that the Series 2007 Bonds are not "arbitrage bonds" under Section 148 of the Code.

CONTINUING DISCLOSURE

The form of the Continuing Disclosure Certificate (the "**Disclosure Certificate**") executed by the City is contained in **APPENDIX F**. All references herein to the Disclosure Certificate are qualified in their entirety by reference to such document. The Disclosure Certificate is available for inspection at the offices of the City.

The City will enter into a Continuing Disclosure Certificate dated as of the date of issuance of the Series 2007 Notes, pursuant to which the City covenants for the benefit of holders and beneficial owners of the Series 2007 Notes to provide (i) audited financial statements of the Aviation System and certain statistical and operating data relating to the City and the Aviation System by no later than 210 days following the end of the City's Fiscal Year (which currently ends on June 30 each year) (the "Annual Report"), commencing with the report for the Fiscal Year 2008, and (ii) notice of the occurrence of certain enumerated events, if material. The Annual Report will be filed by or on behalf of the City with each Nationally Recognized Municipal Securities Information Repository. The notices of material events will be filed by or on behalf of the City with the Municipal Securities Rulemaking Board. These covenants are being made in order to assist such Repository or the Underwriter in complying with the SEC Rule 15c2-12(b)(5) (the "Rule"). The City has never failed to comply in all material respects with any previous undertakings with regard to the Rule to provide annual reports or notices of material events.

In the event of a failure of the City to comply with any provision of the Continuing Disclosure Certificate, any beneficial owner of the Series 2007 Notes may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City, as the case may be, to comply with its obligations under the Continuing Disclosure Certificate. A default under the Continuing Disclosure Certificate shall not be deemed an event of default under the Master Resolution or the Series 2007 Notes, and the sole remedy under the Continuing Disclosure Certificate in the event of any failure of the City to comply with the Continuing Disclosure Certificate shall be an action to compel performance.

RATINGS

Moody's and S&P have assigned ratings of "____" and "____,"respectively, to the Series 2007 Notes. The ratings assigned by Moody's and S&P are based upon the claims paying ability of the Bond Insurer and are not based on the creditworthiness of the City. Moody's and S&P have assigned the Series 2007 Notes underlying ratings of "_____" and "____," respectively.

These ratings should be evaluated independently. No application has been made to any other rating agency in order to obtain additional ratings on the Series 2007 Notes. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007 and Standard & Poor's Ratings Services, 25 Broadway, New York, New York 10004. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2007 Notes.

MISCELLANEOUS

This Official Statement has been duly approved, executed and delivered by the City.

The references in the Official Statement to the Master Resolution and certain other agreements are brief summaries of certain provisions thereof. Such summaries do not purport to be complete and for full and complete statements of the provisions thereof, reference is made to the Master Resolution and such other agreements. Copies of such documents are on file at the offices of the City Clerk of the City. All estimates and other statements in this Official Statement involving matters of opinion, whether or not expressly stated, are intended as such and not as representations of fact.

The attached appendices are integral parts of this Official Statement and must be read together with all of the foregoing statements.

THE CITY OF DES MOINES, IOWA

By: /s/

, Finance Director