

**NORMAN Y. MINETA  
SAN JOSE INTERNATIONAL AIRPORT**

Customer Facility Charge Schedules of  
Revenues and Expenditures for  
Years Ended June 30, 2005 and 2006;  
Years Ended June 30, 2007 and 2008; and  
Years Ended June 30, 2009 and 2010

**NORMAN Y. MINETA  
SAN JOSE INTERNATIONAL AIRPORT**

Customer Facility Charge Schedule of Revenues and Expenditures for  
Years Ended June 30, 2005 and 2006;  
Years Ended June 30, 2007 and 2008; and  
Years Ended June 30, 2009 and 2010

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**Independent Auditor's Report on the  
Schedule of Customer Facility Charge Revenues and Expenditures**

The Honorable City Council  
City of San José, California

We have audited the basic financial statements of the Norman Y. Mineta San José International Airport (the Airport), a Department of the City of San José, California (the City) as of and for the years ended June 30, 2005 and 2006, and have issued our report thereon dated September 29, 2006. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Our audits were made for the purpose of forming opinions on the basic financial statements of the Airport taken as a whole. The accompanying Schedule of Customer Facility Charge Revenues and Expenditures for the years ended June 30, 2005 and 2006 is presented for purposes of additional analysis as specified in the *California Civil Code Section 1936, as amended by SB 1192*, and is not a required part of the Airport's basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the City Council of the City, and the California State Controller's Office, and is not intended to be and should not be used by anyone other than these specified parties.

*Macias Gini & Cannelo LLP*

Walnut Creek, California  
September 29, 2006

**NORMAN Y. MINETA SAN JOSE INTERNATIONAL AIRPORT**

Schedule of Customer Facility Charge Revenues and Expenditures

Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
<b>Revenues</b>		
Customer facility charges:		
\$5 per transaction designated for the Consolidated Rental Car Facility Project	<u>\$ -</u>	<u>\$ -</u>
<b>Expenditures</b>		
Consolidated Rental Car Facility Project	<u>\$ 89,426</u>	<u>\$ 8,971</u>

See accompanying notes to the schedules of customer facility charge revenues and expenditures.

**Independent Auditor's Report on the  
Schedule of Customer Facility Charge Revenues and Expenditures**

The Honorable City Council  
City of San José, California

We have audited the basic financial statements of the Norman Y. Mineta San José International Airport (the Airport), a Department of the City of San José, California (the City) as of and for the years ended June 30, 2007 and 2008, and have issued our report thereon dated October 7, 2008. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Our audits were made for the purpose of forming opinions on the basic financial statements of the Airport taken as a whole. The accompanying Schedule of Customer Facility Charge Revenues and Expenditures for the years ended June 30, 2007 and 2008, is presented for purposes of additional analysis as specified in the *California Civil Code Section 1936, as amended by SB 1192*, and is not a required part of the Airport's basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the City Council of the City, and the California State Controller's Office, and is not intended to be and should not be used by anyone other than these specified parties.

*Macias Gini & Connell LLP*

Walnut Creek, California  
October 7, 2008

**NORMAN Y. MINETA SAN JOSE INTERNATIONAL AIRPORT**

Schedule of Customer Facility Charge Revenues and Expenditures

Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<b>Revenues</b>		
Customer facility charges:		
\$5 per transaction designated for the Consolidated Rental Car Facility Project	<u>\$ 2,095,395</u>	<u>\$ -</u>
<b>Expenditures</b>		
Consolidated Rental Car Facility Project	<u>\$ 36,018,695</u>	<u>\$ 3,995,729</u>

See accompanying notes to the schedules of customer facility charge revenues and expenditures.

**Independent Auditor's Report on the  
Schedule of Customer Facility Charge Revenues and Expenditures**

The Honorable City Council  
City of San José, California

We have audited the basic financial statements of the Norman Y. Mineta San José International Airport (the Airport), a Department of the City of San José, California (the City) as of and for the years ended June 30, 2009 and 2010, and have issued our report thereon dated November 22, 2010. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Our audits were made for the purpose of forming opinions on the basic financial statements of the Airport taken as a whole. The accompanying Schedule of Customer Facility Charge Revenues and Expenditures for the years ended June 30, 2009 and 2010, is presented for purposes of additional analysis as specified in the *California Civil Code Section 1936, as amended by SB 1192*, and is not a required part of the Airport's basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the City Council of the City, and the California State Controller's Office, and is not intended to be and should not be used by anyone other than these specified parties.

*Macias Gini & Connell LLP*

Walnut Creek, California  
November 22, 2010

**NORMAN Y. MINETA SAN JOSE INTERNATIONAL AIRPORT**

Schedule of Customer Facility Charge Revenues and Expenditures

Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>Revenues</b>		
Customer facility charges:		
\$5 per transaction designated for the		
Consolidated Rental Car Facility Project	<u>\$ 3,012,460</u>	<u>\$ 3,347,900</u>
<b>Expenditures</b>		
Consolidated Rental Car Facility Project	<u>\$ 73,568,383</u>	<u>\$ 110,146,584</u>

See accompanying notes to the schedules of customer facility charge revenues and expenditures.



**NORMAN Y. MINETA SAN JOSE INTERNATIONAL AIRPORT**  
Notes to the Schedules of Customer Facility Charge Revenues and Expenditures  
Years Ended June 30, 2005 and 2006;  
Years Ended June 30, 2007 and 2008 and  
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**(1) General**

California Civil Code §1936, as amended by Senate Bill 1192 (Code), permits an airport sponsor to require rental car companies to collect from a renter a Customer Facility Charge (CFC) to finance, design and construct a consolidated airport rental car facility [§1936 (a)(4)(A)(i)]; to finance, design, construct, and operate common-use transportation systems that move passengers between airport terminals and those consolidated car rental facilities, and acquire vehicles for use in that system [§1936 (a)(4)(A)(ii)]; and to finance, design, and construct terminal modifications solely to accommodate and provide customer access to common-use transportation systems [§1936 (a)(4)(A)(iii)].

The City of San José currently imposes a \$10.00 per transaction CFC on vehicles rented at the Norman Y. Mineta San José International Airport (the Airport) in accordance with §1936(m)(1)(D) to help pay for capital costs and related debt service associated with the Consolidated Rental Car Facility (ConRAC) and certain operating expenses related to the transportation of rental car customers between Terminal A and the ConRAC. The City began collecting a \$5.00 CFC per transaction in May 2000 for operating expenses and subsequently increased the CFC and began collecting the current \$10.00 transaction in January 2008.

Beginning in January 2008, the City designated \$5.00 of the per transaction CFC to help pay for debt service and other capital costs associated with the ConRAC and designated the remaining \$5.00 to help pay for certain operating expenses related to the transportation of rental car customers.

The City's project includes the design and construction of a multi-level 3,000 space ConRAC facility, including ready/return parking and a quick turnaround facility for washing, fueling and minor servicing of rental cars. The facility also includes 320 public parking spaces on the ground floor providing direct access to the Terminal B Concourse. The design and construction costs of the public parking share of the facility represents 5.4 percent of the total facility costs and these costs have been excluded from the accompanying schedules. On June 30, 2010, the Airport opened ConRAC coinciding with the opening of the first phase of Terminal B.

**(2) Basis of Presentation**

The accompanying schedules are presented using the accrual basis of accounting for program expenses accounted for in the Airport funds as described in Note 1 to the Airport's basic financial statements.

**(3) Relationship to the Basic Financial Statements**

Expenditures for ConRAC are reported in the City's basic financial statements as additions to capital assets in its enterprise fund.

The Airport financed the project costs of the ConRAC through the issuance of City of San José, Norman Y. Mineta San José International Airport subordinated commercial paper notes and the Customer Facility Charges designated for the ConRAC facility. Under the commercial paper program, the Airport is able to issue commercial paper notes at prevailing interest rates for periods of maturity not to exceed 270 days.

**NORMAN Y. MINETA SAN JOSE INTERNATIONAL AIRPORT**  
Notes to the Schedules of Customer Facility Charge Revenues and Expenditures  
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**(4) Schedules of Facility Charge Revenues and Expenditures**

The accompanying Schedules of Customer Facility Charge Revenues and Expenditures (Schedules) presents the revenues earned from Customer Facility Charges designated for the ConRAC facility and project costs incurred on the ConRAC facility. The revenues and project costs reported in the accompanying Schedules agree or can be reconciled with the amounts reported in the Airport's basic financial statements.

**Independent Auditor’s Report on Compliance with Requirements of the  
Customer Facility Charge Program and on Internal Control over Compliance**

The Honorable City Council  
City of San José, California

**Compliance**

We have audited the Norman Y. Mineta San José International Airport’s (the Airport), a Department of the City of San José, California (the City), compliance with the compliance requirements described in the *California Civil Code Section 1936, as amended by SB 1192*, applicable to its customer facility charge program for the years ended June 30, 2005, 2006, 2007, 2008, 2009 and 2010. Compliance with the requirements referred to above is the responsibility of the Airport’s management. Our responsibility is to express an opinion on the Airport’s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *California Civil Code Section 1936, as amended by SB 1192*. Those standards and the *California Civil Code Section 1936, as amended by SB 1192* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the customer facility charge program occurred. An audit includes examining, on a test basis, evidence about the Airport’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Airport’s compliance with those requirements.

In our opinion, the Airport complied, in all material respects, with the compliance requirements referred to above that are applicable to the customer facility charge program for the years ended June 30, 2005, 2006, 2007, 2008, 2009 and 2010.

**Internal Control over Compliance**

The management of the Airport is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the Airport’s internal control over compliance to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Airport’s internal control over compliance.

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

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

This report is intended solely for the information and use of management, the City Council of the City, and the California State Controller's Office, and is not intended to be and should not be used by anyone other than these specified parties.

Macias Gini & Connell LLP

Walnut Creek, California  
May 26, 2011