

JUNE 2013

FINANCIAL ADVISOR REPORT – THE AVIATION ENTERPRISE

INTRODUCTION

The Finance Committee has requested that the Aviation Enterprise Financial Advisor provide a monthly report on the status of the financing of the Capital Construction Program (CCP) and any related issues concerning the Airports Authority's Aviation Enterprise capital financing activities. The Financial Advisor presents this Monthly Report, focusing on the specific debt management projects underway, the debt policy framework guiding these projects and the financing of the CCP in general.

DISCUSSION SUMMARY

This paper is organized as follows:

- I. Executive Summary
- II. Action Items
 - A. 2013 Plan of Finance
- III. Informational Items
 - A. Monthly CCP expenditures
- IV. Monthly Updates
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 - Historic Performance of 2009 Swaps

I. EXECUTIVE SUMMARY

Action Items

- ➔ **2013 Plan of Finance.** Under separate cover, the financing team is requesting that the Finance Committee and the Board consider and approve a number of documents related to the sale of the Series 2013A-C Airport Revenue and Revenue Refunding Bonds. Despite an uptick in market rates, at current interest rates, the Airports Authority could refund \$180.3 million of Bonds callable in 2013 and \$13.5 million of Bonds callable in 2014 to generate approximately \$22.8 million of net present value savings. The Series 2013A Bonds also include an \$80 million new money piece to provide funds to meet capital needs from March 2014 through June 2014. Subject to the Finance Committee and Board approving the required documents and subject to market conditions, the financing team expects to price the Bonds in late June or early July with a closing two weeks later.

Informational Items

- ➔ **Capital Construction Program (CCP).** CCP expenditures in 2013 are budgeted at \$235.9 million including construction and capitalized interest costs. Capital expenditures in May 2013 totaled \$11.6 million, bringing 2013-year-to-date capital expenditures to \$100.3 million.

II. ACTION ITEMS

(III.A) 2013 Plan of Finance

Under separate cover, the financing team is requesting that the Finance Committee and the Board consider and approve the following documents:

Document	Purpose
Authorizing Resolution	Permits the issuance of the Series 2013A-C Bonds; defines certain Bond parameters; delegates final approval to Chair of Board or Vice-Chair of Board and Chair of Finance Committee
Preliminary Official Statement	Disclosure document used for marketing purposes
Report of the Airport Consultant	The feasibility report used for marketing purposes
44 th Supplemental Indenture	Defines terms of the Bonds
Escrow Agreements	Agreement between the Airports Authority and the Escrow Agent who will hold certain bond proceeds until needed to redeem bonds on their call date prior to maturity
Bond Purchase Agreement	Contractual agreement between Airports Authority and Siebert Branford Shank, the senior manager and representative of the underwriters evidencing the purchase by the underwriters of the Series 2013A-C bonds from the Airports Authority, with the intent to sell such bonds to investors

Market Update. Since touching absolute lows for the year on May 1, market conditions have become more difficult as the stock market has rallied to record levels and there has been increased uncertainty related to the Federal Government's commitment to its bond buying program. From May 8 (the last report to the Finance Committee) to June 5, the municipal market has performed relatively in line with Treasuries as the 10-year Treasury has increased +31 bps while the 10-year MMD has increased +37 bps. This market of higher rates and increased volatility has led to a narrower and more limited buyer base as investors have become content to sit back amid expectations for a larger calendar and higher rates; modest outflows have further dampened demand. At these recalibrated levels, however, the Airports Authority continues to have a significant refunding opportunity.

Refunding Update. The Airports Authority has \$180.3 million of Bonds that are callable in 2013. The Series 2003A and 2003C Bonds are currently callable 90 days prior to their October 1 call date (i.e. a closing on or after July 3). In addition, the Airports Authority has \$13.5 million of tax-exempt non-AMT Series 2004A Bonds that are not callable until October 1, 2014 but may be advance refunded for significant savings in the current market.

Finance Staff and the Financial Advisor are working to structure the refundings to provide upfront debt service savings through 2017-2018, similar to the approach of the 2012 refundings which generated upfront savings through 2016. The increased market volatility means that the results summarized below could vary significantly from day-to-day.

Refunding Savings at Current Rates (rates as of June 5, 2013)						
Refunded Series	Refunding Series	Callable Par (\$ millions)	Call Date/ Call Premium	Par Refunded / Maturities (\$ millions)*	NPV Savings** \$ / %	Negative Arbitrage
2003A (AMT)	AMT Current	\$149.030	10/1/13 @ 100%	\$153.310 (2013-33)	\$16.0 mm / 10.5%	\$1.2 mm
2003C (Taxable)	Taxable Current	\$31.305	10/1/13 @ 100%	\$33.850 (2013-23)	\$5.0 mm / 14.8%	\$0.2 mm
2004A (Non-AMT)	Non-AMT Advance	\$13.510	10/1/14 @ 100%	\$13.510 (2015-22)	\$1.8 mm / 13.0%	\$0.4 mm
Total		\$193.845		\$200.670	\$22.8 mm / 11.4%	\$1.8 mm

* Assumes that the 2013 maturity would also be refunded in order to allow for the release of the reserve funds.

** Assumes upfront savings.

Despite the increased volatility in the market, recent rise in interest rates and widening of credit spreads and AMT premium, the Airports Authority continues to have an opportunity to refund these outstanding bonds to generate significant debt service savings. A refunding at current interest rates would produce over \$20 million of net present value savings.

Refunding Savings		
Date	NPV Savings \$ millions	NPV Savings %
February Paper (February 12, 2013)	\$28.3	14.1%
March Paper (March 7, 2013)	\$25.4	12.7%
April Paper (April 8, 2013)	\$27.1	13.5%
May Paper (May 7, 2013)	\$29.6	14.8%
June Paper (June 5, 2013)	\$22.8	11.4%

New Money. At the May Finance Committee meeting, Finance Staff and the Financial Advisors recommended including an \$80 million new money tranche to lock-in current borrowing costs while providing funds to meet capital needs from March 2014 through June 2014. The documents being presented to the Finance Committee at the June 19 meeting include this new money component.

Rating Agency Updates. The Airports Authority's Aviation credit is currently rated Aa3 with a negative outlook by Moody's; AA- with a stable outlook by S&P; and AA- with a stable outlook by Fitch. Moody's has had the Airports Authority's Aviation credit on negative outlook since 2010. As it relates to the proposed bond sale, meetings and calls with the rating agencies were held on June 11-12.

Financing Schedule. Following the requested approval of the Bond sale at the June 19 Finance Committee and Board Meetings, the schedule would be as follows:

- Thursday, June 20: Mail POS
- Late-June/early-July: Bond Pricing
- Two weeks after pricing: Bond Closing

III. INFORMATIONAL ITEMS

No additional Informational Items to report this month.

IV. MONTHLY UPDATES

(IV.A) CCP: Actuals vs. Projections

Exhibit A sets forth the major 2001-2016 Capital Construction Program (“CCP”) projects underway at the Airports Authority, as well as historical CCP actual versus projected expenditures. CCP expenditures in 2013 are budgeted at \$235.9 million including construction and capitalized interest costs. Capital expenditures in May 2013 totaled \$11.6 million, bringing 2013-year-to-date capital expenditures to \$100.3 million.

2013 CCP Projections vs. Actuals (\$ millions)

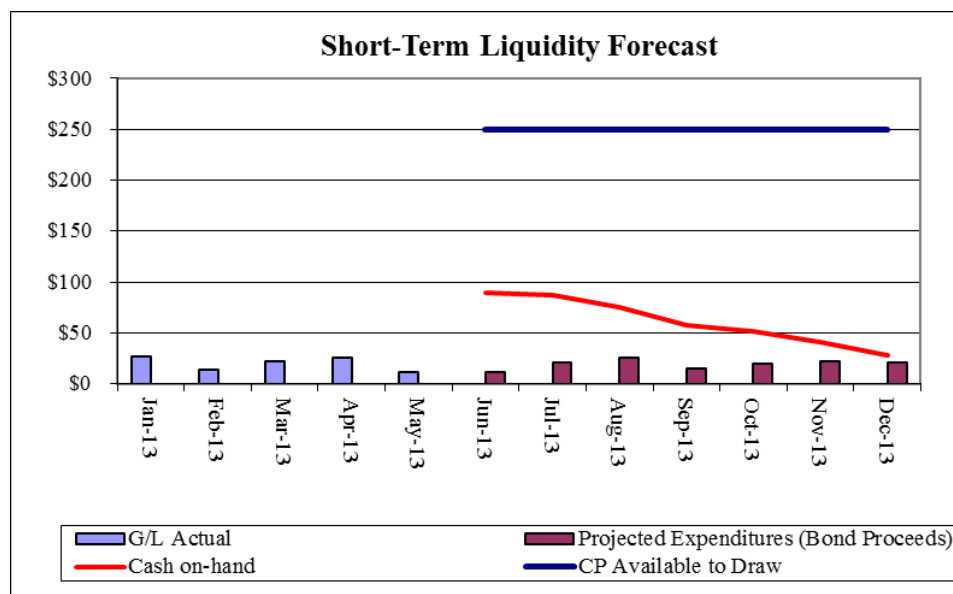
	<i>General Ledger Actual</i>	<i>Original Projection</i>	<i>Variance</i>	<i>Variance (%)</i>
13-Jan	\$26.40	\$11.97	\$14.43	120.60%
13-Feb	\$13.80	\$22.98	(\$9.18)	-39.90%
13-Mar	\$22.40	\$17.75	\$4.65	26.20%
13-Apr	\$26.10	\$19.75	\$6.35	32.20%
13-May	\$11.60	\$16.23	(\$4.63)	-28.50%
13-Jun		\$13.27		
13-Jul		\$22.28		
13-Aug		\$27.63		
13-Sep		\$16.54		
13-Oct		\$20.91		
13-Nov		\$24.17		
13-Dec		\$22.41		
2013 Totals (thru April)	\$100.30	\$88.68	\$11.62	13.10%

(IV.B) Short-term Liquidity Forecast

The following (including the table and chart) is based on information provided to the Financial Advisor by Finance Staff.

As of June 1, 2013, the Airports Authority had \$89.6 million of cash-on-hand¹ and \$250 million of additional available liquidity in the form of undrawn Commercial Paper (CP) One capacity. CCP and capitalized interest are budgeted to total \$235.9 million in 2013.

Short-term Liquidity Forecast (\$ millions)					
Beginning of Month	Cash Available	CP Available to Draw	PFCs	Grants	Projected Expenditures
Jun-13	89.6	250.0	4.1	4.8	(\$11.6)
Jul-13	86.9	250.0	4.1	4.8	(\$20.7)
Aug-13	75.1	250.0	4.1	4.8	(\$26.0)
Sep-13	58.1	250.0	4.1	4.8	(\$14.9)
Oct-13	52.1	250.0	4.1	4.8	(\$19.3)
Nov-13	41.7	250.0	4.1	4.8	(\$22.5)
Dec-13	28.2	250.0	4.1	4.8	(\$20.8)
Jan-14	16.3	250.0			



¹ The cash-on-hand includes Funds 63 and 64.

(IV.C) Variable Rate Programs

In addition to the approximately \$966.6 million of variable rate debt that the Airports Authority has currently outstanding, it can issue up to \$250 million of CP One Notes which are currently “on-the-shelf.”

The approximately \$343.9 million in unhedged variable rate debt outstanding represents approximately 6.8 percent of the outstanding \$5.1 billion indebtedness.

Gross Variable Rate Exposure

Fixed Rate Debt Percentage:			
Fixed Rate Debt	\$4,090,855,000		
2009D VRDOs (Hedged)	130,185,000		
2010C2 VRDOs (Hedged)	99,660,000		
2010D Index Floater (Hedged)	164,655,000		
2011A Index Floater (Hedged)	228,165,000		
	Fixed Rate	\$4,713,520,000	93.20%
Variable Rate Debt Percentage:			
2003D Index Floater	63,225,000		
2010C1 Index Floater	63,050,000		
2011B Index Floater	196,675,000		
CP Notes	21,000,000		
	Variable Rate	\$343,950,000	6.80%
Combined Total		\$5,057,470,000	100.00%

The Airports Authority’s current \$465 million unrestricted cash balances in short-term investments can be netted against variable rate debt exposure to produce a “net variable rate exposure.” Currently, the unrestricted cash balances exceed the amount of short-term investments.

Exhibit C-2 illustrates for the current year the rolling three-month average spreads to the SIFMA of the Airports Authority’s variable rate programs, as well as historic spreads to SIFMA by quarter.

(IV.D) Swaps – Monthly Swap Performance

2002 Swap: Under the terms of the swap agreement, the Airports Authority pays to the counterparty a fixed rate of 4.45 percent on the outstanding notional amount of the swap. In return, the Airports Authority receives from the counterparty 72 percent of one-month LIBOR based upon the outstanding notional amount of the swap. The 2002 Swap originally hedged the Series 2002C Bonds and now hedges the 2011A-2 Indexed Floaters which refunded the Series 2002C Bonds in full. The Airports Authority pays 72 percent of LIBOR plus 77 basis points on the Indexed Floaters. The All-In Effective Rate of the swap is therefore equal to the fixed swap rate of 4.45 percent plus the spread of 77 basis points: 5.22 percent. This All-In Effective Rate remains fixed and monthly cash flow history on this swap is no longer included in Exhibit D.

2009 Swaps: Under the terms of the swap agreements, the Airports Authority pays to the counterparties an average fixed rate of 4.10 percent on the outstanding notional amount of the swap. In return, the Airports Authority receives from the counterparties 72 percent of one-month LIBOR based upon the outstanding notional amount of its respective swaps. The 2009 Swap originally hedged the Series 2009A Bonds and 2009D Bonds. The Series 2009A were partially refunded by the Series 2010C2 Bonds and the remaining portion was fully refunded by the Series 2011A-3 Bonds. The 2009 swaps now hedge the 2011A-3 Indexed Floaters and the 2009D and 2010C2 Variable Rate Demand Obligations (VRDOs). On the Indexed Floaters, the Airports Authority pays 72 percent of LIBOR plus 77 basis points. The All-In Effective Rate of the swap related to these Bonds is therefore equal to the fixed swap rate of 4.10 percent plus the spread of 77 basis points: 4.87 percent. This All-In Effective Rate remains fixed and monthly cash flow history on this swap associated with the Indexed Floaters is no longer included in Exhibit D. **Exhibit D-3** provides the historical monthly cash flow history of the 2009 swaps associated with the hedged VRDOs (currently the 2009D and 2010C2).

2010 Swap: Under the terms of the swap agreement, the Airports Authority pays to the counterparty a fixed rate of 4.11 percent on the outstanding notional amount of the swap. In return, the Airports Authority receives from the counterparty 72 percent of one-month LIBOR based upon the outstanding notional amount of the swap. The 2010 Swap hedges the Series 2010D Indexed Floaters. The Airports Authority pays 72 percent of LIBOR plus 75 basis points on the Indexed Floaters. The All-In Effective Rate of the swap is therefore equal to the fixed swap rate of 4.11 percent plus the spread of 75 basis points: 4.86 percent. This All-In Effective Rate remains fixed and monthly cash flow history on this swap is not included in Exhibit D.

2011 Swap: Under the terms of the swap agreement, the Airports Authority pays to the counterparty a fixed rate of 3.86 percent on the outstanding notional amount of the swap. In return, the Airports Authority receives from the counterparty 72 percent of one-month LIBOR based upon the outstanding notional amount of the swap. The 2011 Swap hedges the Series 2011A-1 Indexed Floaters. The Airports Authority pays 72 percent of LIBOR plus 77 basis points on the Indexed Floaters. The All-In Effective Rate of the swap is therefore equal to the fixed swap rate of 3.86 percent plus the spread of 77 basis points: 4.63 percent. This All-In Effective Rate remains fixed and monthly cash flow history on this swap is not included in Exhibit D.

Exhibit A Airports Authority's CCP

Major projects under construction at Reagan National include:

- River Rescue Facility;
- Terminal A Building Rehabilitation, Lobby Improvements;
- Terminal A Outbound Baggage Makeup Facility;
- Terminal A Building Exterior Electrical Substation;
- Terminal A Curbside Check-In System;
- Terminal A Building Security Screening Checkpoints;
- North Substation Gear Replacement; and
- Runway 15-33 and 4-22 Runway Safety Area Enhancements

Major projects under construction at Dulles International include:

- South Baggage Basement In Line High Volume Baggage Screening;
- East and West Baggage Basement In Line High Volume Baggage Screening;
- Concourse C/D Rehabilitation;
- Fire Station Alerting Systems for Station 302 and 303;
- Jet Fuel Pipeline – Fuel Inbound Particle Separators;
- High Temperature Hot Water Generator Procurement and Replacement;
- Cargo Buildings 1-4 Exterior Rehabilitation & Life Safety Upgrades;
- Taxiway Z1 Widening and UAL Hangar Facility Enabling Projects;
- IAB Legacy Mechanical Systems Renovations; and
- Underground Ductbank Rehabilitation and Electrical Feeder Replacement

Historical CCP Projections vs. Actuals (2001-2012) (\$ millions)

	<i>General Ledger Actual</i>	<i>Projection*</i>	<i>Variance</i>	<i>Variance (%)</i>
2001 Totals	\$370.8	\$429.8	(\$58.9)	(13.7%)
2002 Totals	\$295.6	\$346.5	(\$50.9)	(18.4%)
2003 Totals	\$282.7	\$321.9	(\$39.2)	(12.2%)
2004 Totals	\$349.3	\$349.9	(\$0.6)	(0.0%)
2005 Totals**	\$555.8	\$574.4	(\$18.6)	(3.2%)
2006 Totals	\$672.2	\$713.2	(\$41.0)	(5.7%)
2007 Totals	\$719.4	\$689.7	\$29.7	4.3%
2008 Totals	\$537.7	\$672.8	(\$135.1)	(20.1%)
2009 Totals	\$349.8	\$474.2	(\$124.3)	(26.2%)
2010 Totals	\$220.2	\$327.3	(\$107.1)	(32.7%)
2011 Totals	\$167.4	\$299.4	(\$131.9)	(44.1%)
2012 Totals	\$114.7	\$274.6	(\$133.0)	(53.7%)

* Historical projections for 2001-2003 do not reflect periodic revisions. 2002: the last revision for 2002 projected \$271 million of capital spending for the year. 2003: the last revision for 2003 projected a total of \$287.5 million.

** Projection reflects December 2005 budget amendment.

Exhibit B-1 Airport System Revenue Bonds Summary of Outstanding Bonds

Security: General Airport Revenue Bonds ("GARB") are secured by the pledge of Net Airport Revenues
Lien: Senior
Credit Ratings:

	<u>Rating</u>	<u>Outlook</u>	<u>As of</u>
Moody's	Aa3	Negative	May 23, 2012
S&P	AA-	Stable	May 25, 2012
Fitch	AA-	Stable	May 23, 2012

Series	Dated Date	Originally Issued Par Amount	Current Outstanding Par Amount	Tax Status	Tenor	Credit Enhancement Provider*	Purpose
2003A	October 1, 2003	185,000,000	153,310,000	AMT	Fixed	FGIC	New Money/CP Refunding
2003B	October 1, 2003	44,135,000	2,920,000	Non-AMT	Fixed	FGIC	Current Refunding
2003C	October 1, 2003	52,565,000	33,850,000	Taxable	Fixed	FGIC	New Money/Current Refunding
2003D	October 1, 2003	150,000,000	63,225,000	AMT	Variable	BofA Indexed Floaters	New Money
2004A	August 26, 2004	13,600,000	13,530,000	Non-AMT	Fixed	MBIA	Current Refunding
2004B	May 18, 2004	250,000,000	245,000,000	AMT	Fixed	FSA	New Money
2004C-1	July 7, 2004	97,730,000	31,300,000	AMT	Fixed	FSA	Current Refunding
2004C-2	August 12, 2004	111,545,000	93,980,000	AMT	Fixed	FSA	Current Refunding
2004D	August 26, 2004	218,855,000	150,430,000	AMT	Fixed	MBIA (except 2015)	Current Refunding/Pay Termination
2005A	April 12, 2005	320,000,000	254,525,000	AMT	Fixed	MBIA	New Money/CP Refunding
2005B	April 12, 2005	19,775,000	16,410,000	Non-AMT	Fixed	MBIA	Advance Refunding
2005C	April 12, 2005	30,000,000	30,000,000	Taxable	Fixed	MBIA	New Money
2005D	October 12, 2005	11,450,000	7,650,000	Non-AMT	Fixed	AMBAC	Advance Refunding
2006A	January 25, 2006	300,000,000	245,000,000	AMT	Fixed	FSA	New Money/CP Refunding
2006B	December 6, 2006	400,000,000	375,320,000	AMT	Fixed	FGIC	New Money
2006C	December 6, 2006	37,865,000	35,570,000	Non-AMT	Fixed	FGIC	Advance Refunding
2007A	July 3, 2007	164,460,000	126,040,000	AMT	Fixed	AMBAC	Current Refunding
2007B	September 27, 2007	530,000,000	420,355,000	AMT	Fixed	AMBAC	New Money
2008A	June 24, 2008	250,000,000	220,450,000	AMT	Fixed	-	New Money/CP Refunding
2009B	April 1, 2009	236,825,000	228,655,000	Non-AMT	Fixed	BHAC (partially)	Term.
2009C	July 2, 2009	314,435,000	298,965,000	Non-AMT	Fixed	-	Refunding PFC
2009D**	July 2, 2009	136,825,000	130,185,000	Non-AMT	Variable	TD Bank	Refunding PFC
2010A	July 28, 2010	348,400,000	340,565,000	Non-AMT	Fixed	-	New Money/OMP
2010B	July 28, 2010	229,005,000	205,055,000	AMT	Fixed	-	Current Refunding
2010C***	September 22, 2010	170,000,000	162,710,000	C1 AMT, C2 Non-AMT	Variable	Barclays	Current Refunding
2010D**	September 22, 2010	170,000,000	164,655,000	Non-AMT	Variable	Wells Fargo Indexed Floaters	New Money/Current Refunding
2010F1	November 17, 2010	61,820,000	61,820,000	Non-AMT	Fixed	-	OMP
2011A**	September 21, 2011	233,635,000	228,165,000	AMT	Variable	Wells Fargo Indexed Floaters	New Money/Current Refunding
2011B	September 21, 2011	207,640,000	196,675,000	Non-AMT	Variable	Citi Indexed Floaters	New Money/Current Refunding
2011C	September 29, 2011	185,390,000	178,315,000	AMT	Fixed	-	Current Refunding
2011D	September 29, 2011	10,385,000	10,015,000	Non-AMT	Fixed	-	Current Refunding
2012A	July 3, 2012	291,035,000	291,035,000	AMT	Fixed	-	Current Refunding
2012B	July 3, 2012	20,790,000	20,790,000	Non-AMT	Fixed	-	Advance Refunding
Total		5,803,165,000	5,036,470,000				

* Approximately 50% of the GARB portfolio is additionally secured through bond insurance.

** All of the 2009D, 2010D and 2011A are subject to a floating-to-fixed rate swap.

*** \$101,045,000 of the outstanding amount of the Series 2010C is the subject of a floating-to-fixed rate swap.

Insurer Splits as % of Total Bond Portfolio	
Insurer	Insured
Ambac	11.0%
BHAC	4.5%
FGIC	11.9%
FSA	12.2%
National (MBIA)	9.2%
Syncora (XL)	1.3%
Uninsured	49.8%

Insurer Splits as % of Insured Bond Portfolio	
Insurer	Insured
Ambac	21.9%
BHAC	9.0%
FGIC	23.8%
FSA	24.3%
National (MBIA)	18.4%
Syncora (XL)	2.5%

Aviation Enterprise Total TIC of Fixed Rate Debt
4.74%

Exhibit B-2 Airport System Revenue Bonds Refunding Monitor

Current Refunding Opportunities

On July 3, 2013, the outstanding Series 2003A and 2003C Bonds will become currently callable. Information on the savings associated with currently refunding these bonds is summarized in Section III.A of this report.

Advance Refunding Candidates – Non-AMT

The 2004A Non-AMT Bonds may be advance refunded².

<i>Series</i>	<i>Callable Par/ Maturities</i>	<i>Range of Interest Rates</i>	<i>Call Date</i>	<i>Call Premium</i>	<i>Savings Required</i>	<i>Net PV Savings</i>	<i>Negative Arbitrage</i>	<i>Breakeven</i>
2004A	\$13,510,000 (2015-2022)	4.50% - 5.00%	10/1/2014	100%	2%	\$1.8 mm; 13.0% \$13.5 mm refunded	\$0.4 mm	30-35 bps

Refunding Candidates – AMT

The Series 2004B-D Bonds may NOT be advance refunded with the proceeds of tax-exempt bonds. However, it is illustrative to consider hypothetical advance refunding results to use as a benchmark in evaluating the efficiency of other refunding strategies. The table below illustrates results of a hypothetical AMT advance refunding of these bonds.

<i>Series</i>	<i>Callable Par/ Maturities</i>	<i>Range of Interest Rates</i>	<i>Call Date</i>	<i>Call Premium</i>	<i>Savings Required</i>	<i>Net PV Savings</i>	<i>Negative Arbitrage</i>	<i>Breakeven</i>
2004B	\$250,000,000 (2027-2034)	5.00% - 5.05%	10/1/2014	100%	3-4%	\$6.3 mm; 4.4% \$144 mm refunded	\$6.4 mm	75 bps
2004C1	\$56,900,000 (2020-2021)	5.00%	10/1/2014	100%	3-4%	\$5.8 mm; 10.2% \$56.9 mm refunded	\$1.6 mm	70 bps
2004C2	\$98,735,000 (2015-2024)	5.00%	10/1/2014	100%	3-4%	\$9.8 mm; 10.0% \$98.7 mm refunded	\$3.5 mm	65 bps
2004D	\$113,335,000 (2015-2019)	4.10% - 5.25%	10/1/2014	100%	3-4%	\$7.3 mm; 7.8% \$93 mm refunded	\$1.7 mm	70 bps

Refunding Candidates – Taxable

The Series 2003C and 2005C Bonds may be advance refunded with the proceeds of taxable bonds. Information on the savings associated with the 2003C Bonds is summarized in Section III.A of this report.

<i>Series</i>	<i>Callable Par/ Maturities</i>	<i>Range of Interest Rates</i>	<i>Call Date</i>	<i>Call Premium</i>	<i>Savings Required</i>	<i>Net PV Savings</i>	<i>Negative Arbitrage</i>	<i>Breakeven</i>
2005C	\$30,000,000 (2025-2035)	5.59% - 5.73%	10/1/2015	100%	3%	\$0.8 mm; 5.4% \$15.4 mm refunded	\$1.3 mm	100-105 bps

² The Series 2005B, Series 2005D, Series 2006C and Series 2012B Bonds are non-AMT. However, they may not be advance refunded since the proceeds were used to advance refund other Airports Authority Bonds. The Non-AMT Bonds (2009B, 2009C, 2010A, 2010F1) were issued as private activity Non-AMT Bonds and cannot be advance refunded. The 2011D Bonds were issued as a current refunding but given the length of time to the call date is not a viable refunding candidate.

Below are the refunding guidelines previously adopted by the Board:

Time Between Call Date and Issuance of Refunding Bonds	Traditional Financing Products Minimum PV % Savings	Non-Traditional Financing Products Minimum PV % Savings
0 to 90-days (Current)	Greater of Call Premium or 1%	Call Premium + 1% - 2%
90-days to 1-year	Call Premium + 1%	Call Premium + 2% - 3%
1-year to 2-years	Call Premium + 2%	Call Premium + 3% - 4%
> 2-years	Call Premium + 3%	Call Premium + 4% - 5%

Exhibit C-1 Variable Rate Programs - Overview

Summary of Dealers, Credit Enhancement and Bank Facilities.

Details of Dealers.

<i>Dealer</i>	<i>Program/ Series</i>	<i>Amount (\$MM)</i>	<i>Remarketing Fees</i>
<i>JP Morgan</i>	CP: Series One*	Up to \$250	0.04%
<i>Merrill Lynch</i>	CP: Series Two**	Up to \$21	0.05%
<i>Bank of America</i>	Index Floater: 2003 D1 Bonds	\$63.225	None
<i>Bank of America</i>	VRDO: 2009D Bonds***	\$130.185	0.08 – 0.10%
<i>Barclays</i>	VRDO: 2010C Bonds	\$162.710	0.08%
<i>Wells Fargo</i>	Index Floater: 2010D Bonds	\$164.655	None
<i>Wells Fargo</i>	Index Floater: 2011A Bonds	\$228.165	None
<i>Citi</i>	Index Floater: 2011B Bonds	\$196.675	None

* The CP Series One is authorized to be issued up to \$250 million effective March 14, 2011.

** The CP Series Two is authorized to be issued up to \$21 million effective March 15, 2011.

*** The Series 2009D Bonds in a daily mode have a 0.10 percent remarketing fee and those bonds in a weekly mode have a 0.08 percent remarketing fee.

Details of Facilities.

<i>Bank Provider</i>	<i>Facility</i>	<i>Program/ Series</i>	<i>Amount (\$MM)</i>	<i>Utilized Costs (bps)</i>	<i>Unutilized Costs (bps)</i>	<i>Expiration Date</i>
JP Morgan	LOC	CP: Series One	\$250.000	70	70	March 13, 2014
LBBW	LOC	CP: Series Two	\$21.000	110	90	December 29, 2015
Bank of America	Index Floater	2003 D1	\$63.225	65.0*	N/A	December 16, 2016
TD Bank	LOC	2009 D VRDO	\$130.185	56.0	N/A	December 2, 2017
Barclays Capital	LOC	2010 C VRDO	\$162.710	55.0***	N/A	September 23, 2015
Wells Fargo	Index Floater	2010 D	\$164.655	65.0*	N/A	December 18, 2015
Wells Fargo	Index Floater	2011A	\$228.165	82.0*	N/A	September 21, 2016
Citi	Index Floater	2011B	\$196.675	55.0**	N/A	September 21, 2015

* This is a fixed spread to the 72 percent of LIBOR Index.

** This is a fixed spread to the SIFMA Index.

*** Decreases to 50 basis points in September 2013 through September 2015.

Exhibit C-2 Variable Rate Programs Historical Performance

The following tables illustrate (i) rolling three-month average spreads to SIFMA and (ii) rolling 12-month average spread to SIFMA including credit and remarketing fees.

2012 Interest Rates (by quarter)

Quarter	2003D1 BofA Index ³	2009D1 BoA Weekly	2009D2 BoA Daily	2010C1 Barclay 2-Day	2010C2 Barclay Weekly	2010D Wells Index	2011A Wells Index	CP 2 ML	SIFMA
12-month Rolling Average	0.527%	0.651%	0.670%	0.629%	0.630%	0.712%	0.826%	1.308%	0.15%
Jan-13 – Mar-13	0.692%	0.631%	0.651%	0.628%	0.624%	0.693%	0.863%	1.328%	0.10%
Mar-13 – May-13	0.641%	0.631%	0.642%	0.627%	0.623%	0.640%	0.810%	1.253%	0.15%

2004 – 2011 Historical All-in Costs (annually)

Year	2003 D-1 ³	2003 D-2 MS ⁴	2002C UBS/ BoA ⁵	2009D1 BoA Weekly	2009D2 BoA Daily	2010C1 Barclay 2-Day	2010C2 Barclay Weekly	2010D Wells Index	2011A Wells Index	CP 1 JPM	CP 2 ML (Tax.)	CP A/2 ML	SIFMA
2012	0.415%	n.a.	n.a.	0.671%	0.682%	0.624%	0.629%	0.754%	0.828%	n.a.	n.a.	1.339%	0.16%
2011	0.405%	n.a.	n.a.	0.648%	0.668%	0.599%	0.606%	0.745%	n.a.	0.721%	n.a.	1.468%	0.17%
2010	0.413%	n.a.	0.338%	1.243%	1.307%	n.a.	n.a.	n.a.	n.a.	0.293%	0.462%	0.323%	0.26%
2009	0.390%	2.291%	1.439%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.694%	1.659%	0.791%	0.40%
2008	2.079%	1.207%	0.960%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.470%	0.116%	2.21%
2007	0.649%	0.603%	0.370%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.989%	0.281%	3.62%
2006	0.474%	0.426%	0.463%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.381%	3.45%
2005	0.364%	0.398%	0.436%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.306%	2.47%
2004	0.438%	0.415%	0.427%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.258%	1.24%

³ On December 18, 2012, Bank of America purchased the 2003D-1 Bonds as Indexed Floaters. On April 16, 2009, Wells Fargo took over the remarketing of the 2003D-1 Bonds from Goldman Sachs.

⁴ On April 23, 2009, Morgan Keegan took over the remarketing of the 2003D-2 Bonds from Morgan Stanley; on July 30, 2009, Wachovia took over the remarketing from Morgan Keegan and became the LoC Provider replacing Regions Bank. As of October 1, 2010, the 2003D-2 Bonds were no longer outstanding.

⁵ Bank of America replaced UBS as Remarketing Agent in April 2008.

Note: 2011B is a fixed spread to SIFMA and will not be tracked here.

The following tables illustrate (i) rolling three-month average spreads to SIFMA and (ii) rolling 12-month average spread to SIFMA excluding credit and remarketing fees.

2012 Interest Rates (by quarter)

Quarter	2003D1 BofA Index ⁶	2009D1 BoA Weekly	2009D2 BoA Daily	2010C1 Barclay 2-Day	2010C2 Barclay Weekly	2010D Wells Index	2011A Wells Index	CP 2 ML	SIF- MA
12-month Rolling Average	0.042%	0.008%	-0.012%	-0.001%	0.000%	0.007%	0.006%	0.158%	0.15%
Jan-13 – Mar-13	0.042%	-0.009%	-0.009%	-0.002%	-0.006%	0.043%	0.043%	0.178%	0.10%
Mar-13 – May-13	-0.009%	-0.009%	-0.018%	-0.003%	-0.007%	-0.010%	-0.010%	0.103%	0.15%

October 2004-2011 Historical Interest Rates (by calendar year)

Year	2003 D-1 ⁶	2003 D-2 MS ⁷	2002C UBS/ BoA ⁸	2009D1 BoA Weekly	2009D2 BoA Daily	2010C1 Barclay 2-Day	2010C2 Barclay Weekly	2010D Wells Index	2011A Wells Index	CP 1 JPM	CP 2 ML (Tax.)	CP A/2 ML	SIF MA
2012	0.054%	n.a.	n.a.	0.021%	-0.017%	-0.007%	-0.001%	0.007%	0.008%	0.031%	n.a.	0.189%	0.16%
2011	0.055%	n.a.	n.a.	0.004%	-0.033%	-0.033%	-0.024%	-0.013%	n.a.	0.073%	n.a.	0.315%	0.17%
2010	0.063%	n.a.	0.092%	-0.014%	-0.000%	n.a.	n.a.	n.a.	n.a.	0.073%	0.252%	0.113%	0.26%
2009	0.040%	0.841%	1.193%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.474%	1.449%	0.581%	0.40%
2008	1.673%	0.860%	0.713%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.260%	-0.094%	2.21%
2007	0.239%	0.193%	0.091%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.739%	0.032%	3.62%
2006	-0.026%	-0.074%	-0.026%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-0.099%	3.54%
2005	-0.046%	-0.012%	0.037%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-0.084%	2.47%
2004	0.028%	0.005%	0.040%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-0.012%	1.24%

⁶ On December 18, 2012, Bank of America purchased the 2003D-1 Bonds as Indexed Floaters. On April 16, 2009, Wells Fargo took over the remarketing of the 2003D-1 Bonds from Goldman Sachs.

⁷ On April 23, 2009, Morgan Keegan took over the remarketing of the 2003D-2 Bonds from Morgan Stanley; on July 30, 2009, Wachovia took over the remarketing from Morgan Keegan and became the LoC Provider replacing Regions Bank. As of October 1, 2010, the 2003D-2 Bonds were no longer outstanding.

⁸ Bank of America replaced UBS as Remarketing Agent in April 2008.

Note: 2011B is a fixed spread to SIFMA and will not be tracked here.

Exhibit D-1 Swap Profile

The table below summarizes the Airports Authority's current swap profile. All of the Airports Authority's swaps call for a fixed rate to be paid by the Airports Authority to the counterparty and a variable rate to be received by the Airports Authority based upon 72 percent of LIBOR.

Trade Date	Effective Date	Termination Date ("final maturity")	Swap Providers	Ratings Moody's/S&P/ Fitch	Outstanding Notional Amount (\$millions) ⁸	Hedged Series	Current Termination Value ⁹	Fixed Rate
7/31/01	8/29/02	10/1/21	Bank of America	A3/A/A	\$47.6	2011A-2	(\$7,202,000)	4.445%
6/15/06	10/1/09	10/1/39	JPMorgan Chase Bank of America	Aa3/A+/A+ A3/A/A	\$180.8 <u>\$104.7</u> \$285.5	2011A-3 2009D 2010C2	(\$48,034,000) <u>(\$27,687,000)</u> (\$75,721,000)	4.099%
6/15/06	10/1/10	10/1/40	Wells Fargo	Aa3/AA-/AA-	\$164.7	2010D	(\$45,485,000)	4.112%
5/13/05	10/1/11	10/1/39	Wells Fargo	Aa3/AA-/AA-	\$125.0	2011A-1	(\$28,189,000)	3.862%
Aggregate Swaps					\$622.8		(\$156,597,000)	

The table below presents the all-in effective rate of the swaps. The 2002, 2010 and 2011 swaps hedge only indexed floaters. The 2009 swaps hedge both indexed floaters and VRDOs (separate all-in effective rates are presented for each). The interest rate paid on each of the indexed floaters is equal to 72 percent of LIBOR plus an agreed upon spread. The all-in effective rate is therefore equal to the fixed swap rate plus the agreed upon spread (77 basis points on the 2011A Bonds and 75 basis points on the 2010D Bonds). In Exhibit D-2, we track the monthly performance and all-in effective rate of the 2009 swap in relation to the hedged VRDOs.

Effective Date	Notional Amount (\$millions)	Hedged Series	Fixed Rate	All-In Effective Rate*
8/29/02	\$47.6	2011A-2 (Indexed Floaters)	4.445%	5.215%**
10/1/09	\$55.6	2011A-3 (Indexed Floaters)	4.099%	4.869%**
10/1/09	\$229.8	2009D&2010C2 (VRDOs)	4.099%	4.992%
10/1/10	\$164.7	2010D (Indexed Floaters)	4.112%	4.862%
10/1/11	\$125.0	2011A-1 (Indexed Floaters)	3.862%	4.632%

*The All-In Effective Rate takes into account the agreed upon spread on indexed floaters and remarketing and bank facility costs on the VRDOs.

**Note that the all-in effective rate is effective as of October 1, 2011 and does not take into account performance prior to that date when the swaps hedged the Series 2002C and 2009A Bonds (VRDOs) The Series 2002C and 2009A Bonds are no longer outstanding.

⁹ Amounts as of May 31, 2013; A negative value represents a payment by the Airports Authority to the counterparty if the swap is terminated in the current market; a positive value represents a receipt by the Airports Authority if the swap is unwound in the current market.

Exhibit D-2

2009 Swap Effective Interest Rate to-date and Monthly Performance

The Airports Authority's 2009 Swap is a fixed-payor interest rate swap. Under the 2009 Swap, (a) the Airports Authority pays a fixed rate, 4.099 percent, to the swap counterparty; (b) in return, the swap counterparty pays the Airports Authority a variable rate of interest equal to 72 percent of one-month LIBOR. This variable rate received from the counterparty was designed to closely correlate the interest rate the Airports Authority pays on the underlying variable rate bonds, thereby creating essentially fixed rate debt (synthetic fixed rate debt). The Swap Agreement was dated June 15, 2006, and effective October 1, 2009. The 2009 Swap counterparties were Bear Stearns and Bank of America. However, Bear Stearns was bought by JP Morgan in March 2008. The following table presents the 72 percent of one-month LIBOR rate received from the counterparties, the average monthly interest rate on the hedged variable rate bonds paid by the Airports Authority (excludes hedged indexed floaters), and the resulting effective all-in interest rate on the swap. The 2009 swap hedges the Series 2009D Bonds and the Series 2010C2 Bonds. The swap previously hedged the Series 2009A Bonds until these bonds were refunded by the 2011A-3 Indexed Floaters (the calculated effective rate does take into account the 2009A Bonds prior to being refinanced).

Hedged VRDOs and Swaps

Period	1-month LIBOR ¹⁰	72% 1-month LIBOR	Average All-In Aggregate Interest Rate ¹¹	Average Fixed Swap Rate	Effective Interest Rate ¹²	All-In Effective Rate to Date
5/1/13 - 6/1/13	0.20%	0.14%	0.79%	4.099%	4.750%	4.992%
4/1/13 - 5/1/13	0.20%	0.14%	0.81%	4.099%	4.769%	4.997%
3/1/13 - 4/1/13	0.20%	0.15%	0.75%	4.099%	4.700%	5.002%
2/1/13 - 3/1/13	0.20%	0.14%	0.74%	4.099%	4.693%	5.008%
1/1/13 - 2/1/13	0.20%	0.15%	0.73%	4.099%	4.682%	5.014%
12/1/12 - 1/1/13	0.21%	0.15%	0.77%	4.099%	4.722%	5.022%
11/1/12 - 12/1/12	0.21%	0.15%	0.84%	4.099%	4.786%	5.028%
10/1/12 - 11/1/12	0.21%	0.15%	0.84%	4.099%	4.788%	5.034%
9/1/12 - 10/1/12	0.22%	0.16%	0.82%	4.099%	4.761%	5.039%
8/1/12 - 9/1/12	0.24%	0.17%	0.80%	4.099%	4.729%	5.046%
7/1/12 - 8/1/12	0.25%	0.18%	0.83%	4.099%	4.746%	5.054%
6/1/12 - 7/1/12	0.24%	0.17%	0.85%	4.099%	4.773%	5.062%
5/1/12 - 6/1/12	0.24%	0.17%	0.87%	4.099%	4.800%	5.069%
4/1/12 - 5/1/12	0.24%	0.17%	0.89%	4.099%	4.819%	5.076%
3/1/12 - 4/1/12	0.24%	0.17%	0.81%	4.099%	4.735%	5.083%
2/1/12 - 3/1/12	0.25%	0.18%	0.80%	4.099%	4.716%	5.093%
1/1/12 - 2/1/12	0.29%	0.21%	0.71%	4.099%	4.595%	5.104%
12/1/11 - 1/1/12	0.28%	0.20%	0.74%	4.099%	4.641%	5.119%
11/1/11 - 12/1/11	0.25%	0.18%	0.77%	4.099%	4.687%	5.134%
10/1/11 - 11/1/11	0.24%	0.17%	0.79%	4.099%	4.718%	5.148%
9/1/11 - 10/1/11	0.23%	0.17%	0.89%	4.099%	4.824%	5.162%
8/1/11 - 9/1/11	0.21%	0.15%	0.90%	4.099%	4.851%	5.176%
7/1/11 - 8/1/11	0.20%	0.14%	0.79%	4.099%	4.743%	5.191%
6/1/11 - 7/1/11	0.20%	0.14%	0.82%	4.099%	4.770%	5.212%
5/1/11 - 6/1/11	0.20%	0.14%	0.90%	4.099%	4.857%	5.234%
4/1/11 - 5/1/11	0.22%	0.16%	0.95%	4.099%	4.890%	5.254%
3/1/11 - 4/1/11	0.26%	0.19%	0.95%	4.099%	4.857%	5.274%
2/1/11 - 3/1/11	0.26%	0.19%	0.98%	4.099%	4.887%	5.298%
1/1/11 - 2/1/11	0.26%	0.19%	0.96%	4.099%	4.876%	5.324%

Historical Data:

1/1/10 - 1/1/11	0.27%	0.20%	1.41%	4.099%	5.31%	5.35%
10/1/09 - 1/1/10	0.24%	0.17%	1.59%	4.099%	5.52%	5.52%

¹⁰ One-month LIBOR is weighted average of weekly one-month LIBOR as reset each Tuesday for a Thursday effective date except for the Bank of America swap where the two London Banking Days are replaced by one London Banking Day.

¹¹ The 2009D-1 and 2010C-2 variable rate bonds are currently in a weekly mode, with interest rate resets each Wednesday for a Thursday effective date. The 2009D-2 variable rate bonds are currently in a daily mode. The 2009A variable rate bonds were in a weekly mode, with interest rate resets each Tuesday for a Wednesday effective date. The interest rate is the all-in interest rate including bank facility costs.

¹² Totals will not add due to the day count difference of 30/360-day basis for the fixed swap rate and actual/actual day basis for the floating swap rate.