JULY 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

Action Items

- None

Informational Items

- ***Sale of Series 2013A-C Bonds.*** On June 27, the Airports Authority's underwriting team, led by Siebert Brandford Shank & Co., LLC as the book-running senior manager and Wells Fargo Securities as the co-senior manager, sold $207.205 million of Series 2013A (AMT) refunding and new money Bonds; $27.405 million Series 2013B (taxable) refunding Bonds; and $11.005 million of Series 2013C (non-AMT) refunding Bonds. The Series 2013A-C Bonds were delivered on July 11, 2013. Proceeds of the Series 2013A-C bonds were used to: refund $200.7 million of outstanding bonds for debt service savings and provide additional monies to fund ongoing capital projects. The combined refunding generates $13.7 million of net present value savings (over 6.8% of the refunded par amount). Total debt service savings through 2033 (the term of the Refunded Bonds) is approximately $40 million. The blended total interest cost of the $245.615 million Series 2013A-C Bonds was 4.29%, lowering the Airports Authority's outstanding weighted average total interest cost from 4.74% to 4.68% for all fixed rate bonds, conventional and hedged.

- ***Bank Request for Proposals.*** The Financial Advisor and Finance Staff plan to solicit proposals from banks to provide a letter of credit to extend or replace the $250 million JPMorgan letter of credit facility that expires in March 2014. Finance Staff and the Financial Advisor would look to extend the facility or execute a new facility by the end of the year. Part of the evaluation process will include determining whether the CP program should be downsized or not. More detail on a proposed schedule will be presented at the September Finance Committee meeting.

- ***Capital Construction Program (CCP).*** CCP expenditures in 2013 are budgeted at $235.9 million including construction and capitalized interest costs. Through the end of May, 2013-year-to-date capital expenditures were $100.3 million. (Expenditures in June were not available at the time of this mailing.)

II. Action Items

No Action Items to report this month.

III. Informational Items

(III.A) Sale of Series 2013A-C Bonds
On June 27, the Airports Authority's underwriting team, led by Siebert Brandford Shank & Co., LLC as the book-running senior manager and Wells Fargo Securities as the co-senior manager, sold $207.205 million of Series 2013A (AMT) refunding and new money Bonds; $27.405 million Series 2013B (taxable) refunding Bonds; and $11.005 million of Series 2013C (non-AMT) refunding Bonds. The Series 2013A-C Bonds were delivered on July 11, 2013. Proceeds of the Series 2013A-C bonds were used to:

- Current refund $187.160 million Series 2003A(AMT) Bonds and Series 2003B (taxable) Bonds;
- Advance refund $13.510 million Series 2004A (non-AMT) Bonds; and
- Fund a certain amount of new money and capitalized interest.

	Series 2013A-C Bonds ($ millions)					
Series	**Tax Status**	**Par Issued**	**Par Refunded**	**Net Present Value Savings**	**Total Interest Cost**	**Final Maturity**
2013A (Refunding)	AMT	$127.205	$153.310	$8.835 (5.8%)	4.23%	2033
2013A (New Money)	AMT	80.000	--	--	4.64%	2043
2013B	Taxable	27.405	33.850	3.612 (10.7%)	3.26%	2023
2013C	Non-AMT	11.005	13.510	1.213 (9.0%)	2.73%	2022
Total		**$246.615**	**$200.670**	**$13.658 (6.8%)**	**4.29%**	**2043**

Refunding Results. The combined refunding generates $13.658 million of net present value savings (over 6.8% of the refunded par amount). Total debt service savings through 2033 (the term of the refunded Bonds) is approximately $40 million. Annual debt service savings over the next several years is:

- 2014-2015: $9.5 million per year
- 2016: $6.9 million
- 2017: $5.8 million
- 2018: $3.3 million

These periods of upfront debt service savings are expected to materially benefit the Airports Authority's airline rate base at both Reagan National Airport and Dulles International Airport. In addition, there are smaller amounts of annual debt savings in each year from 2019 through 2033, the final term of the Refunded Bonds.

New Money Results. $80 million of the Series 2013A Bonds were used to fund $83.2 million of expected project costs and capitalized interest through June 2014. (At or prior to this time, the Airports Authority could issue additional new money bonds to continue funding project costs and capitalized interest or use its available commercial paper capacity.)

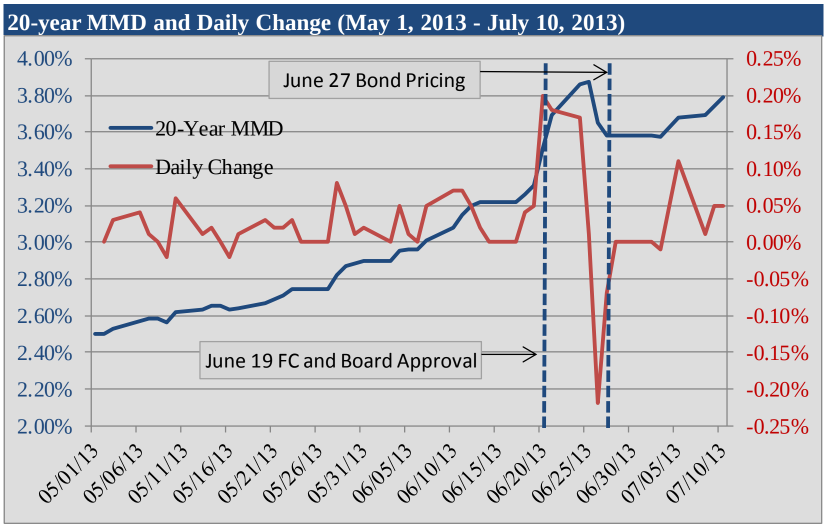
Ratings. As part of the issuance of Series 2013A-C Bonds, the Airports Authority received the following ratings from the three agencies:

- Moody's: downgraded the ratings to "A1" with a stable outlook, from "Aa3" with a negative outlook
- S&P: affirmed the "AA-" rating with a stable outlook
- Fitch: affirmed the "AA-" rating with a stable outlook

Prior to this recent ratings action, Moody's had rated the Airports Authority as "Aa3" with a negative outlook since June 2010. As part of the current ratings, Moody's acknowledged the Airports Authority's "strong underlying fundamentals; strong market position; well-managed operations and the relative economic stability of the metropolitan Washington area," but also stated "we expect MWAA's [debt service coverage and costs per enplanement] metrics will likely remain inconsistent with the Aa3 rating level during the forecast period."

Market Conditions Leading to the Sale of Series 2013A-C Bonds. Since May 1, market conditions became more volatile with an upward bias due to the increased uncertainty related to the Federal Government's commitment to its bond buying program. On June 19, the Federal Open Market Committee ("FOMC") released its statement from its June meeting and Chairman Ben Bernanke held a press conference, both events sent a mix-message regarding the timing of the Fed's planned tapering of its asset purchase program, precipitating a steep sell-off and increased volatility in both Treasury bonds and municipal bonds—at one point the potential net present value savings dipped below $7.5 million. As one proxy for the increase in municipal rates, the chart below illustrates the 20-year Municipal Market Data index from May 1, 2013 to July 10.

20-year MMD and Daily Change (May 1, 2013 - July 10, 2013)



After continuing to rise in the four trading days after June 19, on June 26 the municipal market found some stability and recovered a meaningful portion of earlier losses. On the afternoon of June 26, the financing team decided to re-evaluate market conditions the following morning. On June 27, the market tone was strong and the Chairman and Chairman of the Finance Committee decided to proceed with the sale.

Following the June 27 sale of the Airports Authority's Bonds, market conditions settled down through the July 4th Holiday. However, on July 5th, the Labor Department reported that the economy added more jobs than the consensus forecast. The unexpected strength of this report led to the 10-year Treasury rate rising by 25 basis points (to 2.74 percent, its highest level in two years) and the 20-year tax-exempt index rising 11 basis points on the day, highlighting the fragility of the current market environment. In fact, on July 10, the 20-year tax-exempt index was 21 basis points higher than on the day that the Airports Authority sold its refunding bonds.

Sale. The underwriting syndicate generated $1.1 billion of orders from institutional investors and $12.7 million of retail orders. The success of generating these orders allowed the underwriters to lower annual interest rates by 10 basis points ("bps") to 15 bps per maturity. All of the bonds were allocated to investors and there were no unsold balances that were underwritten.

Weighted Average Cost of Capital. The blended total interest cost ("TIC") of the $245.615 million Series 2013A-C Bonds was 4.29%, lowering the Airports Authority's outstanding weighted average TIC from 4.74% to 4.68% for all fixed rate bonds, conventional and hedged.

(III.B) Bank Request for Proposals

The Airports Authority has a $271 million commercial paper program supported by a $250 million letter of credit provided by JPMorgan and a $21 million letter of credit provided by LBBW. The JPMorgan letter of credit expires in March 2014; the LBBW facility expires in December 2015. The Financial Advisor and Finance Staff plan to solicit proposals from banks to provide a replacement letter of credit for the expiring JPMorgan facility. Finance Staff and the Financial Advisor would look to extend the facility or execute a new facility by the end of the year. Part of the evaluation process will include determining whether the CP program should be downsized or not. More detail on a proposed schedule will be presented at the September Finance Committee meeting.

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. Through May 2013, year-to-date capital expenditures totaled $100.3 million. (Expenditures in June were not available at the time of this mailing.)

2013 CCP Projections vs. Actuals
($ millions)

	General Ledger Actual	*Original Projection*	*Variance*	*Variance (%)*
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 June)	**$100.30**	**$88.68**	**$11.62**	**13.10%**

** Expenditures in June were not available at the time of this mailing.*

(IV.B) Short-term Liquidity Forecast

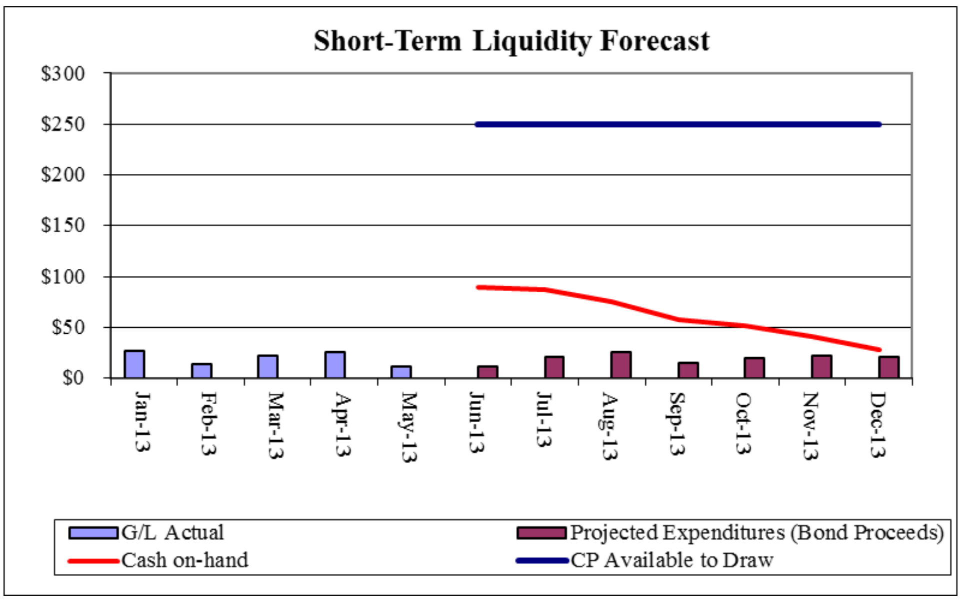
The following (including the table and chart) is based on information provided to the Financial Advisor by Finance Staff.

As of June 1, 2013, the Airports Authority had $89.6 million of cash-on-hand[1] 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			

** Expenditures in June were not available at the time of this mailing.*



[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 6.7 percent of the outstanding $5.1 billion indebtedness.

Gross Variable Rate Exposure

Fixed Rate Debt Percentage:		
Fixed Rate Debt	$4,135,800,000	
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	**$4,758,465,000**	**93.26%**
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**	**6.74%**
Combined Total	**$5,102,415,000**	**100.00%**

The Airports Authority's current $376 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 debt.

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)

	General Ledger Actual	*Projection**	*Variance*	*Variance (%)*
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:

	Rating	Outlook	As of
Moody's	A1	Stable	June 20, 2013
S&P	AA-	Stable	June 20, 2013
Fitch	AA-	Stable	June 20, 2013

Series	Dated Date	Originally Issued Par Amount	Current Outstanding Par Amount	Tax Status	Tenor	Credit Enhancement Provider*	Purpose
2003B	October 1, 2003	44,135,000	2,920,000	Non-AMT	Fixed	FGIC	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	20,000	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
2013A	July 11, 2013	207,205,000	207,205,000	AMT	Fixed	-	Current Refunding/New Money
2013B	July 11, 2013	27,405,000	27,405,000	Taxable	Fixed	-	Current Refunding
2013C	July 11, 2013	11,005,000	11,005,000	Non-AMT	Fixed	-	Advance Refunding
Total		5,811,215,000	5,081,415,000				

* Approximately 54% 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	10.9%
BHAC	4.5%
FGIC	8.1%
FSA	12.1%
National (MBIA)	8.9%
Syncora (XL)	1.2%
Uninsured	54.2%

Insurer Splits as % of Insured Bond Portfolio

Insurer	Insured
Ambac	23.8%
BHAC	9.8%
FGIC	17.8%
FSA	26.4%
National (MBIA)	19.4%
Syncora (XL)	2.7%

Aviation Enterprise Total TIC of Fixed Rate Debt
4.68%

Exhibit B-2
Airport System Revenue Bonds Refunding Monitor

Current Refunding Opportunities
There are no current refunding opportunities at this time.

Advance Refunding Candidates – Non-AMT
There are no advance refunding opportunities at this time[2].

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 hypothetical AMT advance refundings.

Series	*Callable Par/ Maturities*	*Range of Interest Rates*	*Call Date*	*Call Premium*	*Savings Required*	*Net PV Savings*	*Negative Arbitrage*
2004B	$250,000,000 (2027-2034)	5.00% - 5.05%	10/1/2014	100%	3-4%	No Positive Savings	--
2004C1	$56,900,000 (2020-2021)	5.00%	10/1/2014	100%	3-4%	$2.6 mm; 4.6% $56.9 mm refunded	$2.1 mm
2004C2	$98,735,000 (2015-2024)	5.00%	10/1/2014	100%	3-4%	$2.2 mm; 3.4% $63.5 mm refunded	$2.7 mm
2004D	$113,335,000 (2015-2019)	4.10% - 5.25%	10/1/2014	100%	3-4%	$3.9 mm; 4.9% $80 mm refunded	$2.2 mm

Refunding Candidates – Taxable
The Series 2005C Bonds may be advance refunded with the proceeds of taxable bonds. At the current time savings do not meet the required 3% threshold.

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%

[2] The Series 2005B, Series 2005D and Series 2006C 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.

Exhibit C-1
Variable Rate Programs - Overview

Summary of Dealers, Credit Enhancement and Bank Facilities.

Details of Dealers.

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

Bank Provider	*Facility*	*Program/ Series*	*Amount ($MM)*	*Utilized Costs (bps)*	*Unutilized Costs (bps)*	*Expiration Date*
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	0.548%	0.643%	0.661%	0.623%	0.626%	0.704%	0.827%	1.294%	0.15%
Jan-13 – Mar-13	0.692%	0.631%	0.651%	0.628%	0.624%	0.693%	0.863%	1.328%	0.10%
Apr-13 – June-13	0.631%	0.613%	0.621%	0.604%	0.607%	0.630%	0.800%	1.223%	0.16%

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	0.037%	0.000%	-0.017%	-0.007%	0.004%	0.008%	0.007%	0.144%	0.15%
Jan-13 – Mar-13	0.042%	-0.009%	-0.009%	-0.002%	-0.006%	0.043%	0.043%	0.178%	0.10%
Apr-13 – June-13	-0.019%	-0.027%	-0.039%	-0.026%	-0.023%	-0.020%	-0.020%	0.073%	0.16%

***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	($6,748,000)	4.445%
6/15/06	10/1/09	10/1/39	JPMorgan Chase Bank of America	Aa3/A+/A+ A3/A/A	$180.8 $104.7 $285.5	2011A-3 2009D 2010C2	($42,684 ,000) ($24,591,000) ($67,275,000)	4.099%
6/15/06	10/1/10	10/1/40	Wells Fargo	Aa3/AA-/AA-	$164.7	2010D	($40,666,000)	4.112%
5/13/05	10/1/11	10/1/39	Wells Fargo	Aa3/AA-/AA-	$125.0	2011A-1	($24,850,000)	3.862%
				Aggregate Swaps	$622.8		($139,539,000)	

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%	4.986%
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 June 28, 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
6/1/13 - 7/1/13	0.19%	0.14%	0.72%	4.099%	4.676%	4.986%
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-ion 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.