



METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

**Recommendation to Approve the  
Proposed Resolution Authorizing Issuance of  
Airport System Revenue Refunding Bonds  
Series 2012A-C**

May 2012



## **Proposed Resolution Authorizing Issuance of Airport System Revenue Refunding Bonds**

- Request that Finance Committee:
  - Approve and recommend to the Board of Directors the Proposed Resolution to:
    - Approve substantially completed bond documents
    - Authorize the Issuance of Airport System Revenue Refunding Bonds, Series 2012A-C, in the amount not to exceed \$425 million
    - Provide delegations to the Chairman or Vice Chairman and the Chairman of the Finance Committee regarding approval of final bond structure



## **Approval of Substantially Completed Documents**

- Forty-Third Supplemental Indenture
- Bond Purchase Agreement
- Preliminary Official Statement
- Form of a Refunding Agreement for each series of refunded bonds



## Authorize the Issuance of up to \$425 million of Airport System Revenue Refunding Bonds, Series 2012A-C

Type of Refunding	Tax Status	Not to Exceed Par Amount (\$M)
Current	AMT	\$375.0
Advance	Non-AMT	\$50.0
<b>Total</b>		<b>\$425.0</b>



## Current Refunding Opportunity

- Current Refunding, up to \$375 million, AMT Bonds:

Series	Par Amount that Meets Minimum Thresholds (\$M)	Net Present Value Savings		Eligibility
		(\$M)	%	
2001 A	\$67.8	\$5.4	7.9%	Currently callable
2002 A	\$181.8	\$24.0	13.2%	Can be current refunded as early as 7/3/12
2002 D	\$86.7	\$9.2	10.6%	Can be current refunded as early as 7/3/12
<b>Total</b>	<b>\$336.3</b>	<b>\$38.6</b>	<b>11.5%</b>	



## Advanced Refunding Opportunity

- Advanced Refunding, up to \$50 million, Non-AMT Bonds:

Series	Par Amount that Meets Minimum Thresholds (\$M)	Net Present Value Savings		Negative Arbitrage
		(\$M)	%	
2003 B	\$20.6	\$2.1	10.4%	\$338,000
2004 A	\$13.5	\$1.2	9.0%	\$656,000
<b>Total</b>	<b>\$34.2</b>	<b>\$3.3</b>	<b>9.9%</b>	<b>\$994,000</b>



## **Delegations for Each Series or Subseries**

- Principal Amount of Refunding Bonds
- Interest Rate(s)
- Maturity Dates
- Redemption Provisions
- Credit Enhancement
- Debt Service Requirement
- Amount of Purchase Price
- Par Amounts of Refunded Bonds
- Issuance of Taxable Bonds



## Proposed Schedule

Month	Day	Action
May	16	Finance Committee & Board Approval of Bond Resolution/Documents
	21	Due Diligence with Senior Management
	21	Post Preliminary Official Statement
	22-31	Marketing Efforts / Investor Relations
	24	Receive Ratings
June	4-5	Price Bonds
	8	Post Official Statement
July	2-3	Closing





## **Finance Committee Approve and Recommend to the Board of the Directors the Bond Authorizing Resolution**

- Approve substantially completed bond documents
- Authorize the Issuance of Airport System Revenue Refunding Bonds, Series 2012A-C, in the amount not to exceed \$425 million
- Provide delegations to the Chairman or Vice Chairman and the Chairman of the Finance Committee regarding approval of final bond structure

## REPORT TO THE FINANCE COMMITTEE

### RECOMMENDATION TO APPROVE THE PROPOSED RESOLUTION AUTHORIZING ISSUANCE OF AIRPORT SYSTEM REVENUE REFUNDING BONDS, SERIES 2012A-C

MAY 2012

#### ACTION REQUESTED

That the Finance Committee approve and recommend to the Board of Directors (Board) the adoption of the proposed Authorizing Resolution for the issuance of up to \$425 million of the Series 2012A-C Bonds in one or more of the following series or subseries:

- 1) Airport System Revenue Refunding Bonds, Series 2012A (AMT),
- 2) Airport System Revenue Refunding Bonds, Series 2012B (non-AMT), and
- 3) Taxable Airport System Revenue Refunding Bonds, Series 2012C

In addition, the proposed Authorizing Resolution delegates authority to the Chairman or the Vice Chairman of the Board and the Chairman of the Finance Committee (and if timing and schedule permit, with the advice and consent of the Finance Committee) to negotiate the exact principal amount, interest rates, and certain other transaction details at the time the Series 2012A-C Bonds are being priced in the market.

#### DISCUSSION

##### *Current Refunding Opportunities*

The Airports Authority has \$67.8 million of AMT bonds that are currently callable and \$268.5 million of additional AMT bonds that can be currently refunded on July 3, 2012 (90 days prior to their call date). All of the current refunding analyses assume the Series 2012A-C Bonds will be delivered July 3 as current refunding bonds.

**Series 2001A Bonds** – Approximately \$67.8 million of Series 2001A Bonds are callable at any time at a redemption premium of 101 percent. In the current market, all of the Series 2001A Bonds can be refunded for debt service savings of approximately \$5.4 million, or 7.9 percent, which exceeds the Airports Authority's refunding thresholds.

**Series 2002A Bonds** – Approximately \$181.8 million of Series 2002A Bonds are callable on October 1, 2012 at a redemption premium of 100 percent. In the current market, all of the Series 2002A Bonds can be refunded for debt service savings of

approximately \$24.0 million, or 13.2 percent, which exceeds the Airports Authority's refunding thresholds.

**Series 2002D Bonds** – Approximately \$86.7 million of Series 2002D Bonds are callable on October 1, 2012 at a redemption premium of 100 percent. In the current market, all of the Series 2002D Bonds can be refunded for debt service savings of approximately \$9.2 million, or 10.6 percent, which exceeds the Airports Authority's refunding thresholds.

### *Advance Refunding Opportunities*

The Airports Authority has \$34.2 million of non-AMT bonds callable in 2013-2014 that can be advance refunded.

**Series 2003B Bonds** – Approximately \$20.3 million of Series 2003B Bonds are callable on October 1, 2013 at a redemption premium of 100 percent. In the current market, a portion of the Series 2003B Bonds can be refunded for debt service savings of approximately \$2.1 million or 10.4 percent which exceeds the Airports Authority's refunding thresholds.

**Series 2004A Bonds** – Approximately \$13.5 million of the Series 2004A Bonds are callable on October 1, 2014 at a redemption premium of 100 percent. In the current market, a portion of the Series 2004A Bonds can be refunded for debt service savings of approximately \$1.2 million or 9.0 percent which exceeds the Airports Authority's refunding thresholds.

### Timing

The Series 2012A-C Bonds are tentatively scheduled to price on June 4 and 5, and will be delivered on July 3.

### Draft Documents

1. Forty-third Supplemental Indenture
2. Bond Purchase Agreements for Series 2012A-C Bonds
3. Preliminary Official Statement for Series 2012A-C Bonds (POS)
4. Form of a Refunding Agreement (separate Refunding Agreement will be prepared for each series of refunded bonds)

### **RECOMMENDATION**

That the Finance Committee approve and recommend that the Board of Directors adopt the proposed Authorizing Resolution that authorizes the issuance of up to \$425 million of

the Series 2012A-C Bonds, and approve related documents in substantially completed form. The Series 2012C Bonds are reserved to provide market flexibility in the event an advance refunding is deemed advantageous at the time of pricing. In addition, the proposed Authorizing Resolution delegates authority to the Chairman or the Vice Chairman of the Board and the Chairman of the Finance Committee (and if timing and schedule permit, with the advice and consent of the Finance Committee) to negotiate the exact principal amount, interest rates, and certain other transaction details at the time the Series 2012A-C Bonds are being priced in the market, including whether to take advantage of an advance refunding.

Prepared by:  
Office of Finance  
May 9, 2012

## Proposed Resolution

### Authorizing Issuance of Airport System Revenue Refunding Bonds, Series 2012A, Airport System Revenue Refunding Bonds, Series 2012B, and Taxable Airport System Revenue Refunding Bonds, Series 2012C

WHEREAS, The Metropolitan Washington Airports Authority (“Airports Authority”) desires to authorize the issuance of Airport System Revenue Refunding Bonds, Series 2012A (the “Series 2012A Bonds”), Airport System Revenue Refunding Bonds, Series 2012B (the “Series 2012B Bonds”) and Taxable Airport System Revenue Refunding Bonds, Series 2012C (the “Series 2012C Bonds” and together with the Series 2012A Bonds and the Series 2012B, the “Series 2012 Bonds”) which may be issued in one or more series or subseries in an aggregate principal amount not to exceed \$\_\_\_\_\_ to refinance a portion of the costs of certain capital improvements (“Projects”) at Ronald Reagan Washington National Airport and Washington Dulles International Airport (the “Airports”) and for other purposes identified below;

WHEREAS, A public hearing has been held relating to the Projects to the extent required by Section 147 of the Internal Revenue Code of 1986, as amended (the “Code”);

WHEREAS, The Governor of Virginia and the Mayor of the District of Columbia have approved the issuance of the Series 2012 Bonds, to the extent that such bonds are subject to Section 147 of the Code;

WHEREAS, The Airports Authority desires to authorize the refunding of all or a portion of its outstanding Airport System Revenue Bonds, Series 2001A (the “Refunded 2001A Bonds”), all or a portion of its outstanding Airport System Revenue Bonds, Series 2002A (the “Refunded 2002A Bonds”), all or a portion of its outstanding Airport System Revenue Refunding Bonds, Series 2002D (the “Refunded 2002D Bonds”), all or a portion of its outstanding Airport System Revenue Refunding Bonds, Series 2003B (the “Refunded 2003B Bonds”), and all or a portion of its outstanding Airport System Revenue Refunding Bonds, Series 2004A (the “Refunded 2004A Bonds” and together with the Refunded 2001A Bonds, the Refunded 2002A Bonds, the Refunded 2002D Bonds, the Refunded 2003B Bonds, the “Refunded Bonds”);

WHEREAS, The Airports Authority appointed Barclays Capital Inc. as senior bookrunning managing underwriter (the “Managing Underwriter”) and Loop Capital Markets, LLC as the co-senior managing underwriter for the Series 2012 Bonds;

WHEREAS, The Airports Authority desires to use proceeds of the Series 2012A Bonds to (1) current refund a portion of the Refunded 2001A Bonds, (2) current refund a portion of the Refunded 2002A Bonds, (3) current refund a portion of the Refunded 2002D Bonds, (4) fund a deposit to the common reserve fund for the Series 2012 Bonds and other common reserve bonds, and (5) pay cost of issuance of the Series 2012A Bonds;

WHEREAS, The Airports Authority desires to use proceeds of the Series 2012B Bonds to (1) advance refund the Refunded 2003B Bonds, (2) advance refund the Refunded 2004A Bonds, (3) fund a deposit to the common reserve fund for the Series 2012 Bonds and other common reserve bonds, and (4) pay cost of issuance of the Series 2012B Bonds;

WHEREAS, The Airports Authority desires to use proceeds of the Series 2012C Bonds to (1) current refund a portion of the Refunded 2001A Bonds, (2) current refund a portion of the Refunded 2002A Bonds, (3) current refund a portion of the Refunded 2002D Bonds, (4) fund a deposit to the common reserve fund for the Series 2012 Bonds and other common reserve bonds, and (5) pay cost of issuance of the Series 2012C Bonds;

WHEREAS, The Airports Authority desires to set forth guidelines for determining the interest rate or rates, maturities, and other terms of the Series 2012 Bonds;

WHEREAS, There has been presented to the Airports Authority the form of the following documents that the Airports Authority proposes to execute in connection with the issuance of the Series 2012 Bonds, copies of which documents shall be filed in the records of the Airports Authority:

(a) the Forty-third Supplemental Indenture of Trust (the "Forty-third Supplemental Indenture"), between the Airports Authority and the Trustee, relating to the issuance of the Series 2012 Bonds, which supplements the Master Indenture;

(b) the form of the Series 2012A Bonds, attached as Exhibit A to the Forty-third Supplemental Indenture;

(c) the form of the Series 2012B Bonds, attached as Exhibit B to the Forty-third Supplemental Indenture;

(d) the forms of the Series 2011C Bonds, attached as Exhibit C to the Forty-third Supplemental Indenture;

(e) the Bond Purchase Agreement relating to the Series 2012 Bonds (the "Purchase Contract"), between the Airports Authority and the Managing Underwriter and the other underwriting firms named therein (collectively, the "Underwriters");

(f) the Official Statement relating to the public offering of the Series 2012 Bonds (the "Official Statement"); and

(g) the respective Refunding Agreements between the Airports Authority and the Trustee relating to the refunding of each series of the Refunded Bonds (collectively, the "Refunding Agreements"); now, therefore, be it

RESOLVED, That Barclays Capital Inc. was appointed as senior bookrunning managing underwriter, Loop Capital Markets, LLC appointed as the co-senior managing underwriter, and Citigroup Global Markets Inc., Davenport & Company LLC, Merrill Lynch, Pierce, Fenner & Smith Inc., Morgan Keegan & Company, Inc., Siebert Brandford Shank & Co., L.L.C., US Bancorp and Wells Fargo Securities N.A. are appointed as co-managers for the Series 2012 Bonds; and the Underwriters are authorized to distribute the Official Statement to the purchasers of the Series 2012 Bonds;

2. That the Series 2012 Bonds shall be issued in book entry form, pursuant to the Master Indenture and the Forty-third Supplemental Indenture and sold to the Underwriters pursuant to the Purchase Contract; all upon the terms and conditions specified therein;

3. That the Chairman or Vice Chairman, and the Chairman of the Finance Committee (and if timing and schedule permit, with the advice and consent of the Finance Committee) (the "Authority Representatives"), are authorized until September 30, 2012, and directed to jointly determine, after the Series 2012 Bonds have been priced in the market, the following:

(a) the exact principal amount, series, and subseries designation of the Series 2012 Bonds, provided that the aggregate principal amount of the Series 2012 Bonds shall not exceed \$\_\_\_\_\_;

(b) the interest rate or rates of each series or subseries of the Series 2012 Bonds;

(c) the maturity or maturities of each series or subseries of the Series 2012 Bonds, including the amount and date of any mandatory sinking fund redemption for a maturity;

(d) the provisions for redemption of each series or subseries of the Series 2012 Bonds prior to maturity;

(e) the amount and extent of any credit enhancement for the Series 2012 Bonds and the provider thereof;

(f) the amount of the debt service reserve requirement, if any, and the provider of any debt service reserve fund surety bond for the Series 2012 Bonds, or series or subseries of the Series 2012 Bonds;

(g) the amount of the purchase price for each series or subseries of Series 2012 Bonds;

(h) the par amount of the Refunded 2001A Bonds, the Refunded 2002A Bonds, the Refunded 2002D Bonds, the Refunded 2003B Bonds, and the Refunded 2004A Bonds, if any, to be refunded pursuant to the Refunding Agreements; and

(i) whether to issue the Series 2012C Bonds, the interest on which is expected to be taxable for federal income tax purposes;

all in a manner to achieve the most favorable net effective interest rate while balancing the Airports Authority's exposure to interest rate and market risks on the entire long-term debt within the Airports Authority's Aviation Enterprise Fund, including the Series 2012 Bonds; provided, that the determinations made pursuant to this paragraph shall comply with the following requirements: (i) the maximum term of the Series 2012 Bonds shall not exceed 31 years; (ii) no Series 2012 Bonds shall be subject to redemption at a redemption premium exceeding three percent (3%) of the principal amount thereof; (iii) the underwriters' discount relating to the 2012 Bonds shall not exceed two percent (2%) of the principal amount thereof; (iv) the true interest cost of the Series 2012 Bonds shall not exceed nine percent (9%) per annum; and (v) the Series 2012 Bonds shall be offered to the public at a price of not less than 95 percent (95%) and not more than 110 percent (110%) of the principal amount thereof, plus accrued interest;

4. That the payment or redemption of the Refunded Bonds with a portion of the proceeds of the Series 2012 Bonds, together with other funds of the Airports Authority, are authorized and directed in the manner and the amounts set forth in the respective Refunding Agreements;

5. That the Chairman or the Vice Chairman is authorized and directed to execute, by manual or facsimile signature, the Forty-third Supplemental Indenture, the Series 2012 Bonds, the Purchase Contract, the Official Statement, and the



Refunding Agreements, all of which forms are hereby approved, with such changes, insertions, completions, and omissions as are necessary to reflect the bond principal amounts, the series or subseries designations of the Series 2012 Bonds, and other terms of the Series 2012 Bonds, including pricing on one or more dates, determined pursuant to paragraph 3 of this Resolution, and the execution of these documents by the Chairman or Vice Chairman shall constitute conclusive evidence of their approval by the Airports Authority;

6. That the Secretary or Assistant Secretary is authorized and directed to affix the Seal of the Airports Authority or a facsimile thereof on the Forty-third Supplemental Indenture, the Series 2012 Bonds, the Purchase Contract, the Official Statement, and the Refunding Agreements, after their execution by the Chairman or Vice Chairman, to attest the same, by a manual or facsimile signature, and to deliver the Series 2012 Bonds to the Trustee for authentication upon the terms provided in the Master Indenture and the Forty-third Supplemental Indenture;

7. That the Chairman, the Vice Chairman, the President and Chief Executive Officer, and the Vice President for Finance and Chief Financial Officer are each authorized and directed, with respect to the Series 2012 Bonds, to execute one or more tax certificates on behalf of the Airports Authority in implementation of the covenants and agreements set forth in the Forty-third Supplemental Indenture and to make any election permitted by the Internal Revenue Code of 1986, as amended, that is determined by such officer to be to the advantage of the Airports Authority; and the representations, agreements and elections set forth in the executed tax certificates shall be deemed to be the representations, agreements and elections of the Airports Authority, as if the same were set forth in the Forty-third Supplemental Indenture;

8. That the President and Chief Executive Officer and the Vice President for Finance and Chief Financial Officer are each authorized and directed to execute, deliver and file all other certificates and instruments related to the issuance and sales of the Series 2012 Bonds, including Internal Revenue Service Form 8038 or 8038-G, any reimbursement agreement relating to any debt service reserve fund surety bond, and any agreement for the investment of proceeds from the sale of the Series 2012 Bonds, and to take any further action as the officers may consider necessary or desirable in connection with the issuance and sale of the Series 2012 Bonds, the refunding of the Refunded Bonds, and the other actions made pursuant to paragraph 3 of this Resolution;

9. That any authorization provided in this Resolution to execute a document shall include authorization to deliver the document to the other parties thereto; and

10. That any other acts of the Chairman, the Vice Chairman, the Chairman of the Finance Committee, the President and Chief Executive Officer, the Vice President for Finance and Chief Financial Officer or any other officer of the Airports Authority that are in conformity with the purposes, intent and conditions of this Resolution and in furtherance of the execution, delivery and performance by the Airports Authority of the Forty-third Supplemental Indenture are hereby authorized, and the authorizations granted herein to such officers of the Airports Authority shall apply equally to any person serving in such capacity on an interim or acting basis, except that the Airports Authority reserves unto itself the authority to appoint or remove any person or entity named, appointed or described in this Resolution or in the form of the Forty-third Supplemental Indenture presented to the Airports Authority who is to serve as underwriter, trustee, or provider of credit enhancement or in a similar role relating to the Series 2012 Bonds or the Refunded Bonds.

*Recommended by the Finance Committee on May 16, 2012  
For consideration by the Board of Directors on May 16, 2012*