

REPORT TO THE FINANCE COMMITTEE

**QUARTERLY REPORT ON
INVESTMENT PROGRAM**

MAY 2012

REPORT TO THE FINANCE COMMITTEE QUARTERLY REPORT ON INVESTMENT PROGRAM

As of March 31, 2012, the Total Portfolio increased by \$47.7 million,
from \$1,591.0 million to \$1,638.7 million.

	Mar 31		Dec 31		Change
Total Aviation	\$1,178.7		\$ 1,109.7		\$ 69.0
Total Dulles Corridor	\$ 460.0		\$ 481.3		\$ (21.3)
Total Portfolio	<u>\$1,638.7</u>		<u>\$ 1,591.0</u>		<u>\$ 47.7</u>

Aviation

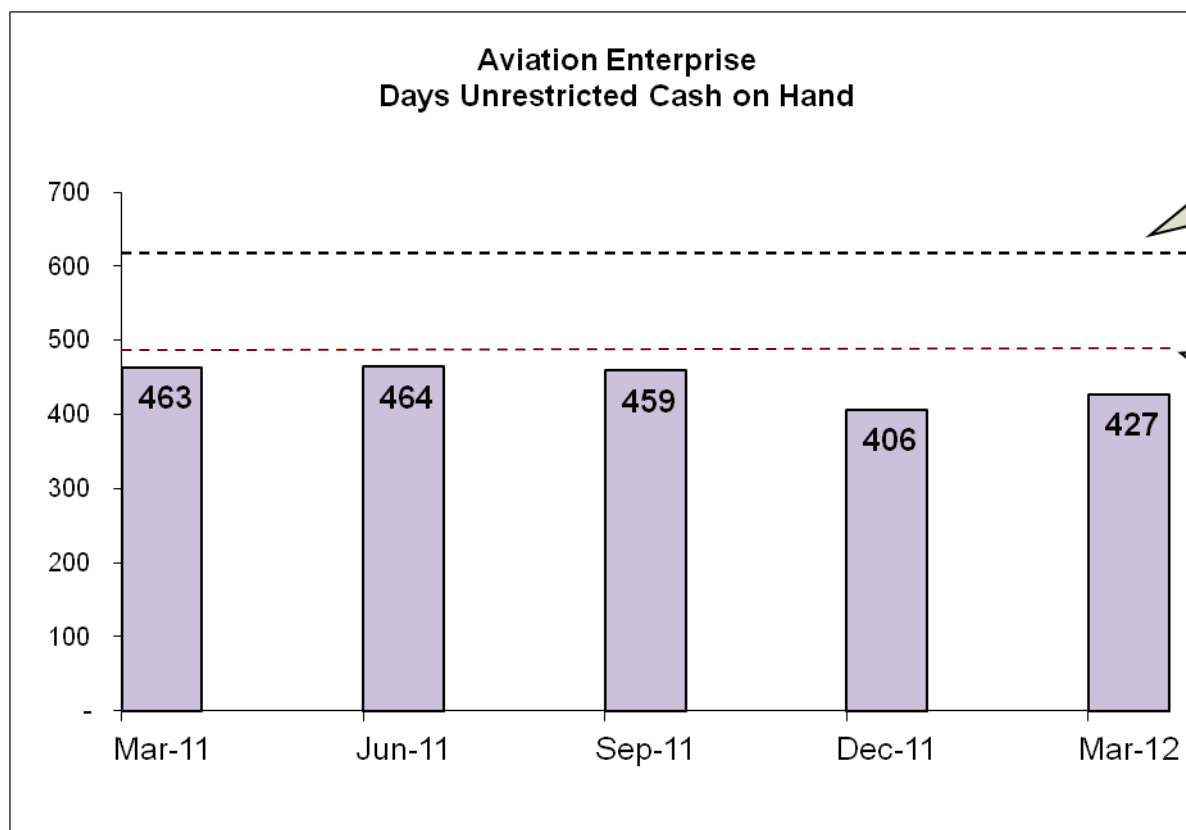
Portfolio increased \$69.0 million

Aviation (in millions)	Mar 31	Dec 31	Change	
Operating	\$ 378.4	\$ 383.1	\$ (4.8)	
Construction	147.3	178.8	(31.5)	Construction Spending
Capitalized Interest	20.3	24.9	(4.6)	
Cost of Issuance	2.0	1.6	0.4	
PFC/Grants	68.6	62.2	6.4	
Debt Service Reserve	374.0	368.8	5.2	
Debt Service Interest	113.4	54.1	59.3	Accumulation of Interest for April 1 payment
Debt Service Principal	68.1	29.6	38.5	Accumulation of Principal for October 1 payment
FAA ATCT Escrow	6.6	6.5	0.1	
Total Aviation	\$1,178.7	\$ 1,109.7	\$ 69.0	

Dulles Corridor Portfolio decreased by \$21.3 million

Dulles Corridor (in millions)	Mar 31	Dec 31	Change	
Toll Road Revenues	\$ 51.9	\$ 29.8	\$ 22.1	
Toll Road Operating	6.1	6.1	0.0	
Capital Improvement	66.6	67.0	(0.4)	
Construction	18.2	22.6	(4.4)	Construction Spending
Cost of Issuance	1.7	1.3	0.4	
Debt Service Reserve	124.5	123.5	1.0	
Debt Service Interest	34.1	17.7	16.4	Accumulation of Interest for April 1 payment
Debt Service Principal	2.4	-	2.4	Accumulation of Principal for October 1 payment
State Funds	2.0	0.0	2.0	
Federal Reimbursement Funds	55.6	59.9	(4.3)	Construction Spending
Fairfax Funds	58.3	113.1	(54.8)	Construction Spending
Escrows	38.6	40.3	(1.7)	
Total Dulles Corridor	\$ 460.0	\$ 481.3	\$ (21.3)	

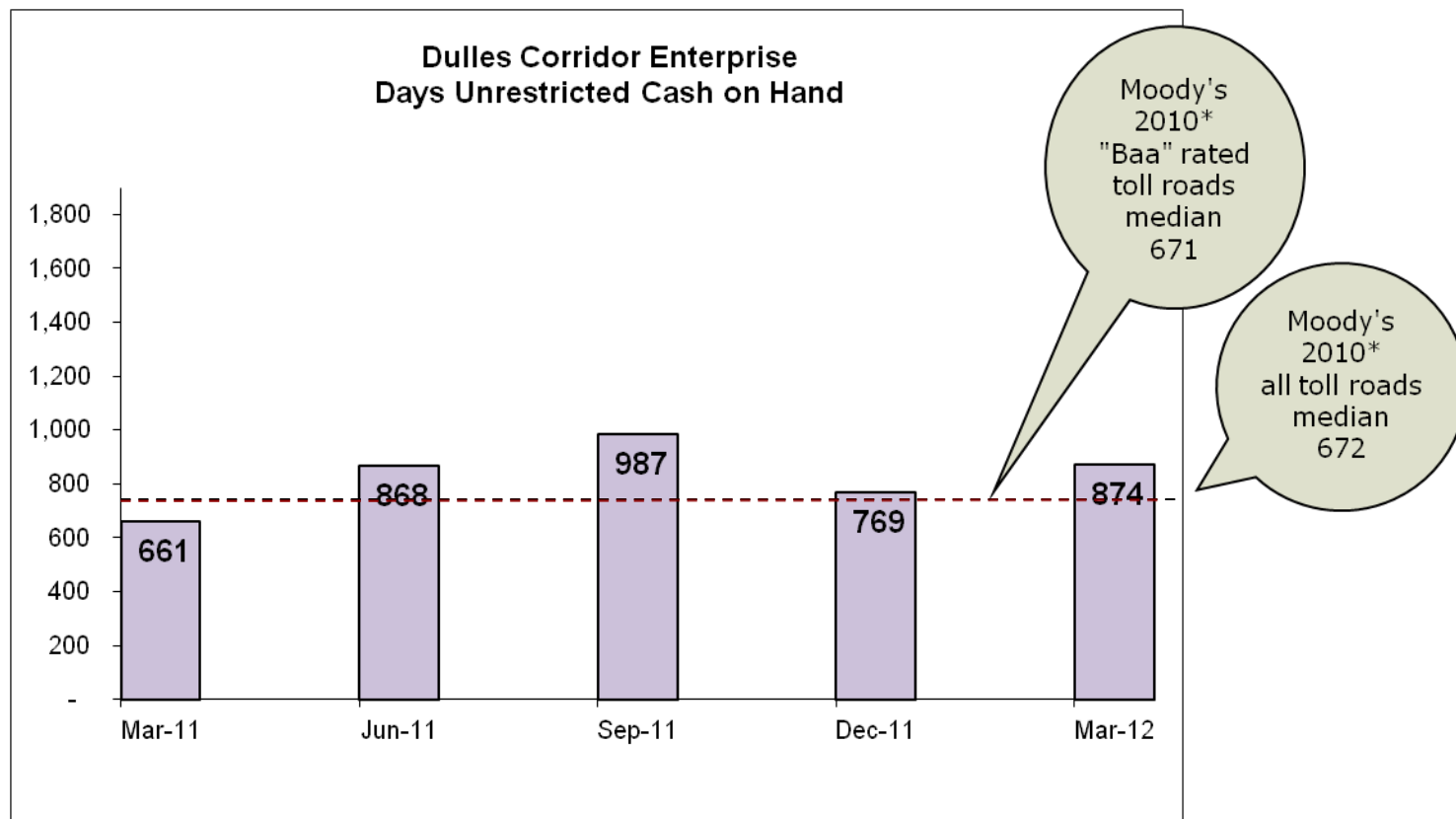
QUARTERLY REPORT ON OPERATING LIQUIDITY BENCHMARKS FOR AVIATION AS OF MARCH 31, 2012



Moody's
2010*
"AA" rated
airports
median
606

Moody's
2010*
all airports
median 489

QUARTERLY REPORT ON OPERATING LIQUIDITY BENCHMARKS FOR DULLES TOLL ROAD AS OF MARCH 31, 2012



REPORT TO THE FINANCE COMMITTEE
QUARTERLY REPORT ON
INVESTMENT PROGRAM
MAY 2012

ACTION REQUESTED

None. A quarterly report presented to the Finance Committee on the results of the investment program.

BACKGROUND

The Management Investment Committee met on May 2, 2012, to discuss the results of the prior quarter of the Airports Authority's investment program and to formulate an investment plan for the next quarter. The Committee reviewed each portfolio with regard to liquidity and investment policy compliance. Investment results were compared to the targets and benchmarks established in the Investment Objectives and Procedures. Market conditions and liquidity needs were discussed, and an investment plan was adopted. The Committee decided to maintain five months of operating cash in highly liquid investments, including securities scheduled with a 150 days maturity, repurchase agreements and money market mutual funds, and to invest operational funds in securities maturing in 9 to 15 months. The Committee reviews information on general economic market conditions, monitors the investment portfolios, and evaluates investment results in determining the forward quarter investment strategy.

Attached are partial meeting materials included in the quarterly Investment Committee meeting documents:

- A. Economic Conditions and Outlook
- B. Minutes of the February 1, 2012 Investment Committee Meeting
- C. Total Portfolio by Account
- D. Total Portfolio by Security Type
- E. Total Portfolio by Days to Maturity
- F. Fund Balances
- G. Investment Results – Targets and Benchmarks
- H. Comparison of Airports Authority Liquidity

The entire Investment Committee Reports are available on request.

Prepared by:
Office of Finance
May 2012

April 30, 2012

ECONOMIC CONDITIONS AND OUTLOOK

Federal Open Market Committee (FOMC) - The FOMC met on April 25 and voted again to keep rates at 0-.25 percent. The FOMC Announced they will keep rates low until 2014.

Consumer Price Index (CPI) - The Consumer Price Index increased at a slower pace in March. The CPI climbed 0.3 percent, while the core measure, excluding food and energy, rose 0.2 percent.

Producer Price Index (PPI) - The Producer Price index was unchanged in March. On an adjusted basis, prices for finished goods moved up 2.8 percent for the 12 months ended March 2012, the smallest year-over-year increase since June 2010.

Retail Sales - Sales rose more than projected in March. The 0.8 percent gain was almost three times as large as projected and followed a 1 percent increase in February.

Consumer Confidence - The consumer confidence index was little changed in April as expectations over the outlook tempered increased optimism about the present. The April index was 69.2 compared to a revised 69.5 in March.

Inventories - Business inventories increased in February as sales picked up, indicating factories will probably keep receiving orders as businesses rebuild stocks.

Capacity Utilization - The capacity utilization for total industry was unchanged at 75.7 percent, a rate 5.4 percentage points below its long-run (1972-2010) average.

Leading Economic Indicators - The leading economic indicators rose in March for a sixth straight month. The Conference Board's gauge of the outlook for the next three to six months climbed 0.3 percent after a 0.7 percent gain in February.

Federal Surplus/Deficit - The U.S. government posted a deficit of \$779.0 billion through March 2012.

Unemployment - Hiring by American employers trailed forecasts in March, casting doubt on the vigor of the more than two-year economic expansion. The unemployment rate fell to 8.2 percent.

SUMMARY

Kate Bereti of Stifel Nicolaus reported "...the final results of the University of Michigan monthly survey showed consumer confidence rose slightly this month, with the index rising to 76.4 from 76.2 in March, the highest level since June 2010. The measure of consumer perceptions about their current financial situation unexpectedly dropped to 82.9 from 86 from the prior month. However, the measure of consumer expectations for the next six month period rose to 72.3 from 69.8 in March, the highest level since February 2011." The economy continues to be a mixed bag.

MINUTES OF INVESTMENT COMMITTEE MEETING

February 1, 2012

The quarterly meeting of the Metropolitan Washington Airports Authority Investment Committee convened at 9:00 a.m. in the President's conference room. Attending the meeting were committee members Jack Potter, Margaret McKeough, Steve Baker and Andy Rountree. Nancy Edwards of the Treasury Department was also in attendance.

The minutes from the November 1, 2011 meeting were approved.

Ms. Edwards reported that the total portfolio had decreased from \$1,962.9 million to \$1,591.0 as of December 31, 2011. The Aviation portfolio decreased by \$170.1 million due to the construction spending and the principal and interest payment on October 1, 2011. Construction spending caused the Dulles Corridor portfolio to decrease by \$201.8 million.

The Committee reviewed each portfolio. Items of note include:

- Ms. Edwards reviewed the analysis of the cost of issuance for bonds compared to peer airports that was produced by the Financial Strategy and Analysis Department. The Committee has requested additional information to be included and Mr. Rountree will review for inclusion in a future Investment Committee book.
- A draft of the Finance Committee paper on the Investment Committee was included and reviewed.
- Ms. Edwards reviewed the weighted average interest rates received on the various funds, explaining the longer term funds are earning higher interest rates.
- The Committee concurred with Ms. Edwards' recommendation to include CastleOak Securities and First Empire Securities as authorized broker/dealers.

Ms. Edwards summarized the economic conditions and outlook with a recommended investment strategy. The Committee discussed the various economic indexes and agreed to set the investment horizon for the next quarter to 9 to 15 months.

Nancy L. Edwards

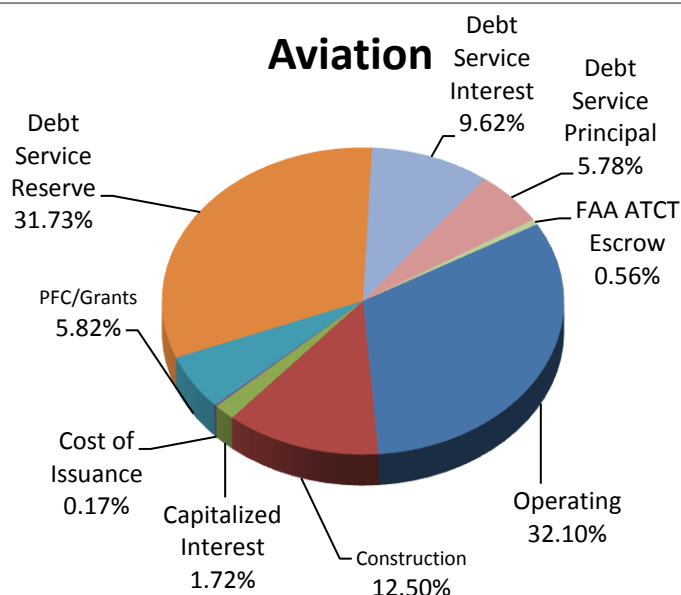
METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

Total Portfolio By Account

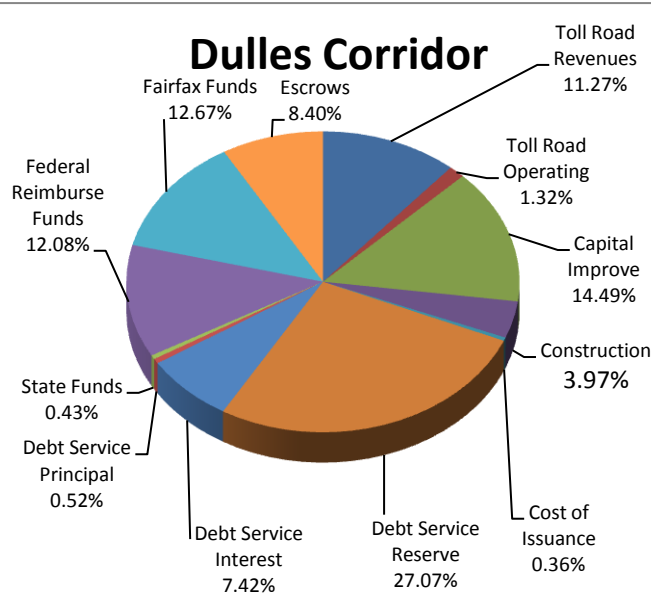
As of March 31, 2012

<u>Aviation</u>	Mar 31	Interest Rate	Dec 31	Sept 30
Operating	\$378,343,043	0.21%	\$383,095,097	\$370,707,918
Construction	147,276,568	0.12%	178,799,168	206,999,282
Capitalized Interest	20,321,526	0.10%	24,906,603	28,483,413
Cost of Issuance	2,018,181	0.61%	1,555,995	1,555,961
PFC/Grants	68,596,953	0.02%	62,206,693	51,716,219
Debt Service Reserve	374,039,514	3.71%	368,844,487	386,953,373
Debt Service Interest	113,401,098	0.02%	54,130,349	107,558,508
Debt Service Principal	68,124,751	0.02%	29,636,555	119,257,567
FAA ATCT Escrow	6,547,058	0.02%	6,546,678	6,546,678
Total Aviation	<u>\$1,178,668,692</u>	1.27%	<u>\$1,109,721,625</u>	<u>\$1,279,778,919</u>
<u>Dulles Corridor</u>				
Toll Road Revenues	51,869,178	0.00%	29,829,378	61,731,199
Toll Road Operating	6,092,257	0.02%	6,076,047	5,168,050
Capital Improvement	66,656,997	0.04%	67,026,335	71,119,417
Construction	18,239,830	0.04%	22,558,885	24,990,325
Cost of Issuance	1,667,234	0.04%	1,295,042	1,295,011
Debt Service Reserve	124,517,312	2.95%	123,505,932	122,840,222
Debt Service Interest	34,133,045	0.02%	17,727,236	33,319,852
Debt Service Principal	2,393,629	0.00%	0	0
State Funds	1,968,284	0.02%	8,844	9,355
Federal Reimbursement Funds	55,590,840	0.04%	59,943,229	248,038,756
Fairfax Funds	58,268,766	0.04%	113,084,179	88,696,925
Escrows	38,645,125	0.04%	40,250,626	25,876,348
Total Dulles Corridor	<u>\$460,042,497</u>	0.82%	<u>\$481,305,733</u>	<u>\$683,085,460</u>
Total Portfolio	<u>\$1,638,711,189</u>	1.14%	<u>\$1,591,027,358</u>	<u>\$1,962,864,379</u>

Aviation



Dulles Corridor

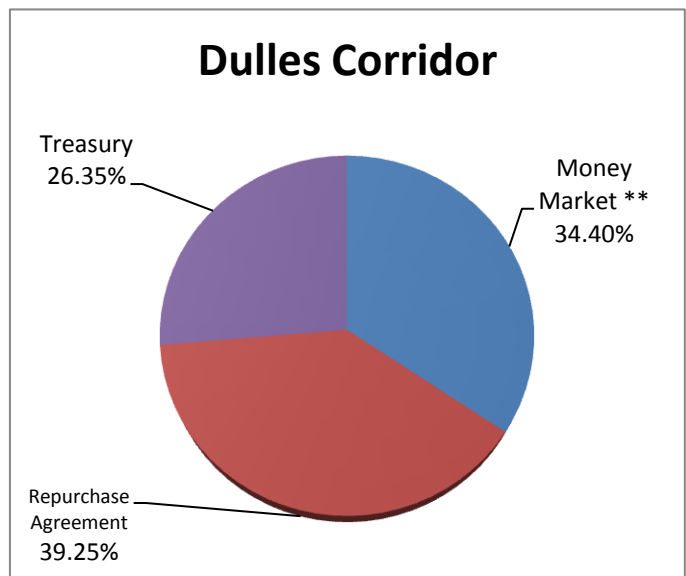
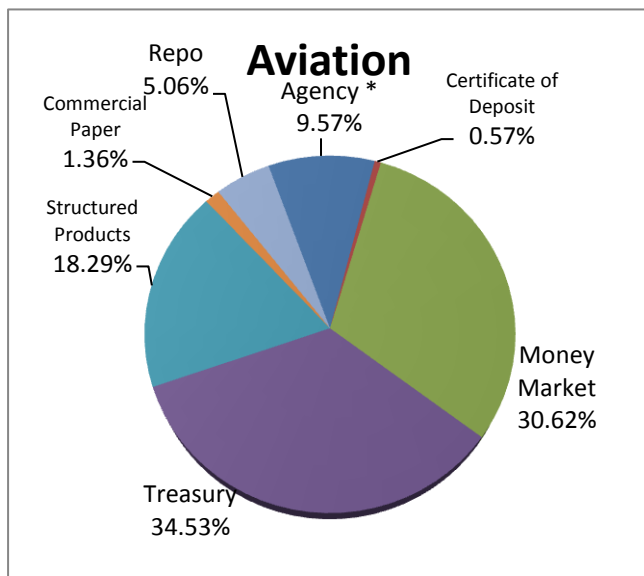


METROPOLITAN WASHINGTON AIRPORTS AUTHORITY
Total Portfolio By Security Type
As of March 31, 2012

Aviation	Mar 31	Dec 31	Sept 30
Agency *	\$216,875,215	\$104,537,470	\$154,758,463
Certificate of Deposit	6,250,000	6,250,000	5,507,791
Money Market **	385,926,538	330,874,020	482,192,279
Treasury	316,835,766	397,284,086	337,402,690
Structured Products	199,998,334	200,484,095	199,806,134
Commercial Paper	9,947,639	14,993,129	25,389,129
Repurchase Agreement	42,835,200	55,298,825	74,722,433
Total Aviation	\$1,178,668,692	\$1,109,721,625	\$1,279,778,919

Dulles Corridor			
Money Market **	\$164,464,425	\$165,574,536	\$171,907,256
Repurchase Agreement	168,787,196	188,940,322	384,387,329
Agency *	0	0	0
Treasury	126,790,876	126,790,875	126,790,875
Commercial Paper	0	0	0
Total Dulles Corridor	\$460,042,497	\$481,305,733	\$683,085,460

Total Portfolio	\$1,638,711,189	\$1,591,027,358	\$1,962,864,379
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*** Agency Split:**

Home Loan	\$ 90,551,270
Freddie Mac	54,555,973
Fannie Mae	45,868,288
Farmer Mac	-
Farm Credit	25,899,684
Total Agencies	\$ 216,875,215

**** Money Market Split**

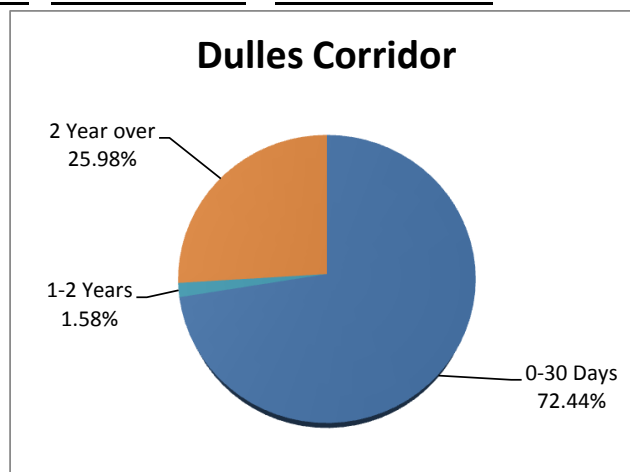
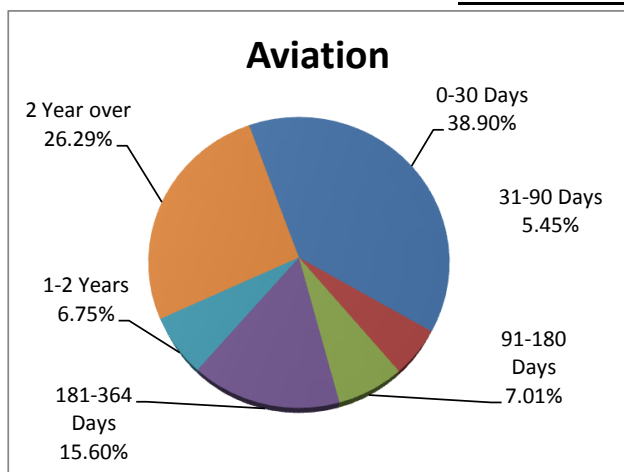
Federated Funds	\$ 15,894,205
Wilmington Trust	518,546,551
Fidelity Funds	6,547,059
NationsFund	9,403,148
	\$ 550,390,963

METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

Total Portfolio By Days to Maturity

As of March 31, 2012

Aviation	Mar 31	Dec 31	Sept 30
0-30 Days	\$458,408,626	\$397,093,937	\$586,240,267
31-90 Days	64,273,661	85,769,164	44,138,588
91-180 Days	82,639,596	114,511,569	106,787,053
181-364 Days	183,922,532	139,090,718	181,675,631
1-2 Years	79,529,245	63,361,206	51,042,347
2 Year over	309,895,032	309,895,031	309,895,033
Total Aviation	\$1,178,668,692	\$1,109,721,625	\$1,279,778,919
Dulles Corridor			
0-30 Days	\$333,251,622	\$354,514,858	\$556,294,585
31-90 Days	0	0	0
91-180 Days	0	0	0
181-364 Days	0	0	0
1-2 Years	7,259,625	7,259,625	7,259,625
2 Year over	119,531,250	119,531,250	119,531,250
Total Dulles Corridor	\$460,042,497	\$481,305,733	\$683,085,460
Total Portfolio	\$1,638,711,189	\$1,591,027,358	\$1,962,864,379

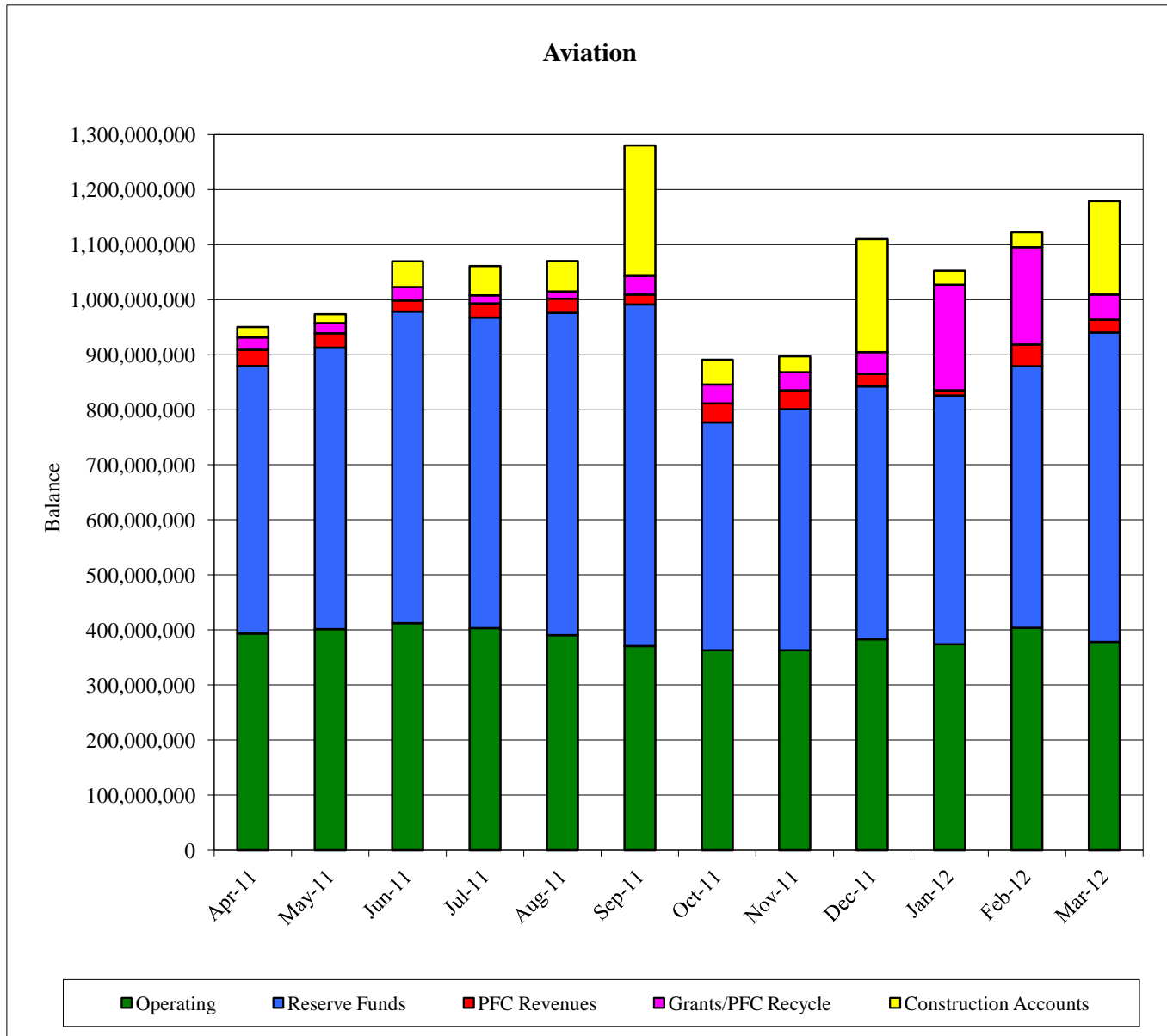


Arbitrage Status

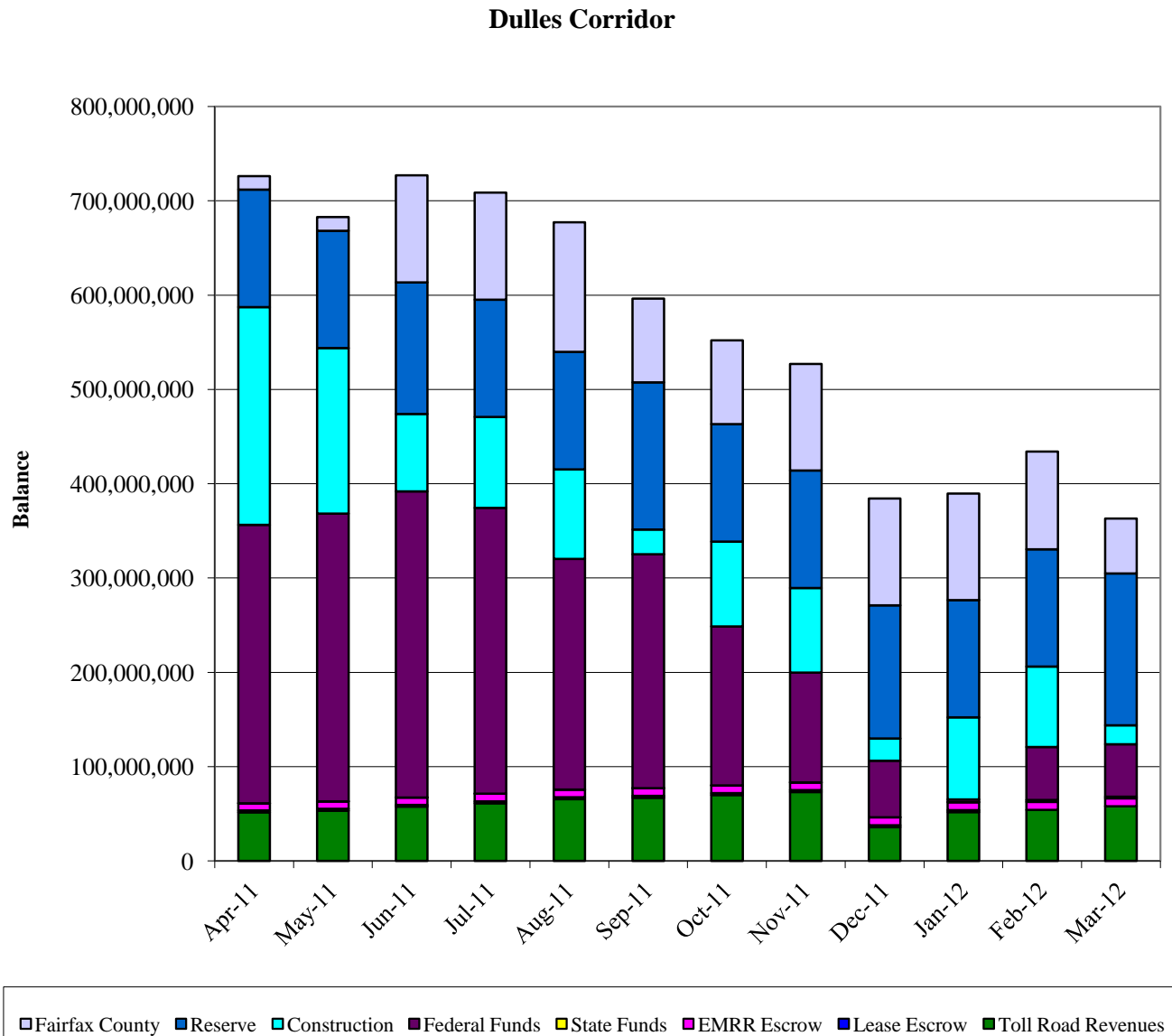
Aviation Issues	Bond Yield	12/31/2011	DCE Issues	Bond Yield	12/31/2011
1998A/1998B	5.06%	(2,321,878)	2009A	6.64%	(2,104,326)
2001A/B	5.14%	(8,963,352)	2009B	6.64%	(6,432,664)
2002A/2002B	5.27%	(18,472,759)	2009C	6.64%	(6,470,944)
2002C/2002D	5.10%	(5,308,798)	2009D	4.85%	(36,716,261)
2003A/B*	5.02%	(2,106,596)	2010-ABD		(22,598,904)
2003D*	1.76%	(2,299,020)			
2004B*	5.15%	(4,011,679)			
2005A/B*	4.86%	(3,664,194)			
CP1	3.06%	(489,789)			
CP2	3.19%	(148,837)			
2006A*	4.89%	(917,183)			
2006B*/2006C*	4.38%	70,748			
2007A	4.60%	(962,874)			
2007B*	4.47%	(2,541,446)			
2008A	5.21%	(4,750,536)			
2009A/2009B	4.86%	(5,059,493)			
2009C/2009D	3.91%	(580,968)			
2010A/2010B	4.04%	(1,550,580)			
2010F1	3.94%	(107,173)			
2011C/2011D	3.70%	(479,655)			
		(\$65,783,316)			(\$74,323,100)

* Debt Service Reserve Invested in Structured Product

History of Fund Balances
Aviation
Rolling 12 Months
As of March 31, 2012



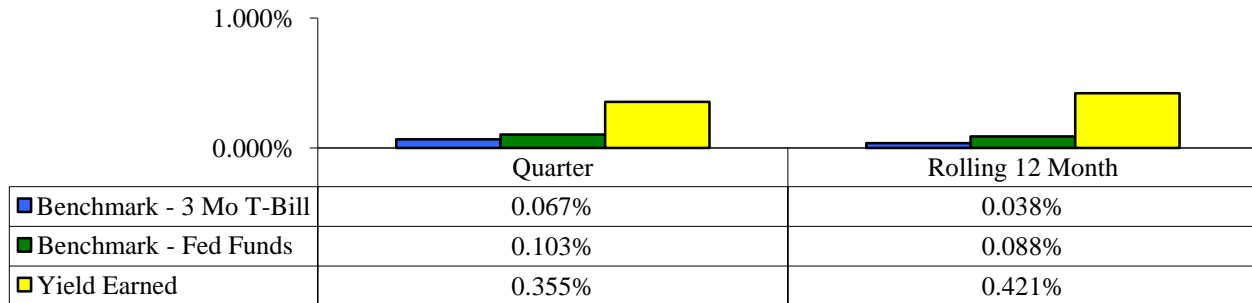
**History of Fund Balances
Dulles Corridor Enterprise
Rolling 12 Months
As of March 31, 2012**



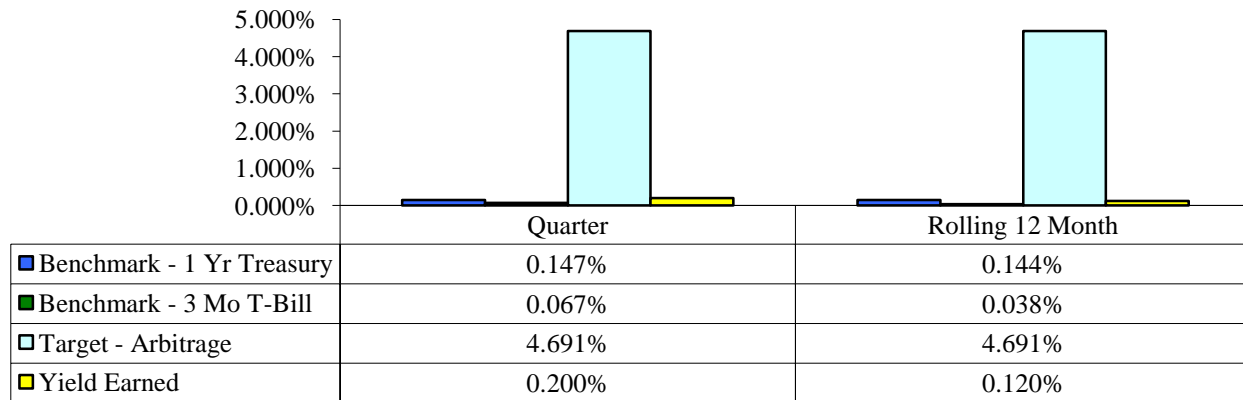
Investment Results - Targets and Benchmarks

March 2012

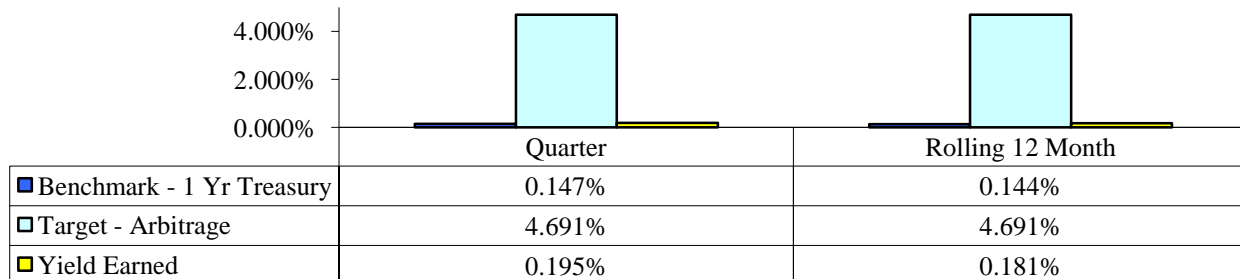
Aviation Operating Funds



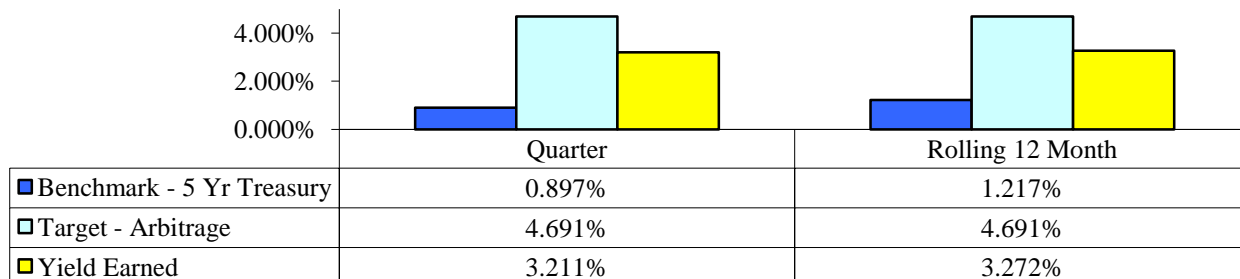
Aviation Construction Funds



Aviation Debt Service Principal and Interest Funds



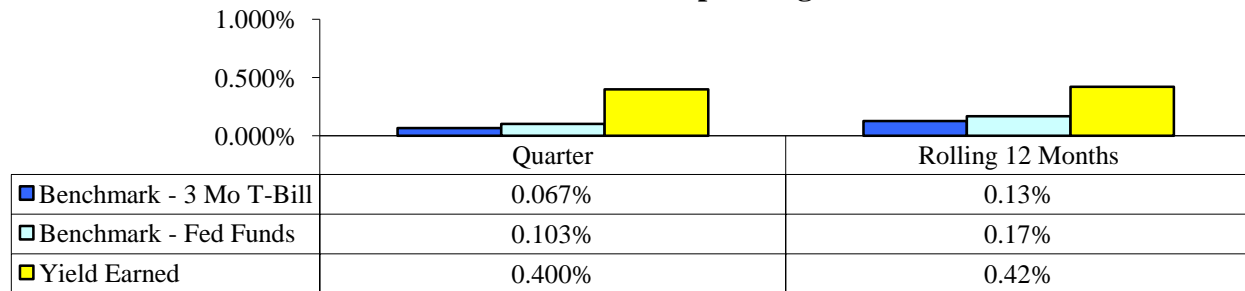
Aviation Debt Service Reserve Funds



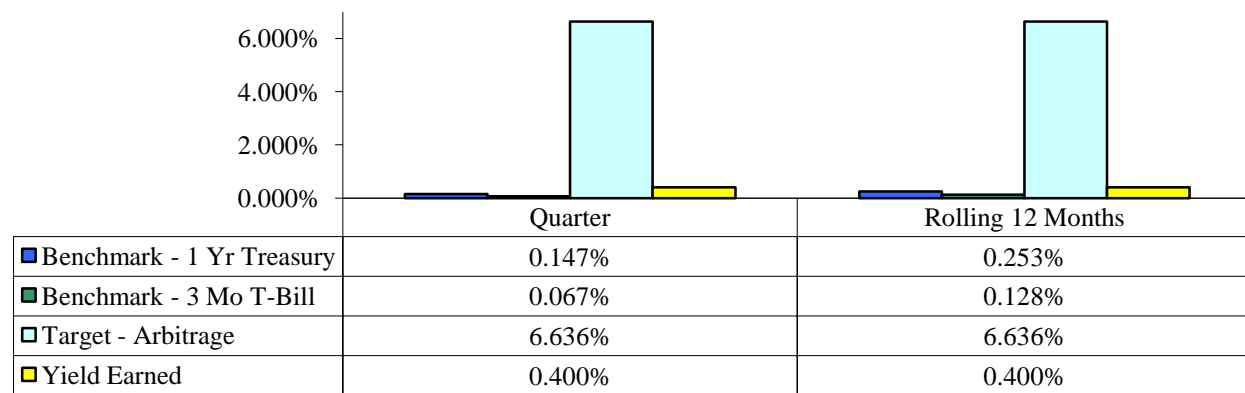
Investment Results - Targets and Benchmarks

March 2012

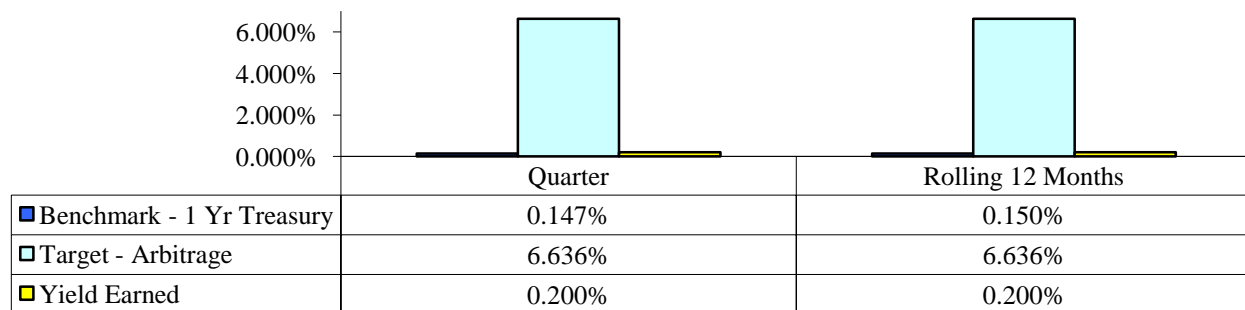
Dulles Corridor Operating



Dulles Corridor Construction



Dulles Corridor Debt Service Principal and Interest



Dulles Corridor Debt Service Reserve

