NOVEMBER 2012
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. Refinance Bank Facilities

III. Informational Items
  - A. 2013 Plan of Finance
  - B. Refunding Update

IV. Monthly Updates
  - A. CCP: Actuals vs. Projections
  - B. Short-term Liquidity Forecast
  - C. Variable Rate Programs
  - D. Swaps –Swap Performance

<u>Exhibits</u>
  - A. Airports Authority's Capital Construction Program
  - B. Airport System Revenue Bonds
    - Summary of Bonds Outstanding
    - Refunding Monitor
  - C. Variable Rate Programs
    - Overview
    - Historical performance
  - D. Swap Program
    - Airports Authority Swap Profile
    - Historic Performance of 2009 Swaps

I. EXECUTIVE SUMMARY

Action Items

- ***Refinance Bank Facilities.*** The Finance Committee is being requested to approve and recommend to the Board of Directors the adoption of the proposed Authorizing Resolution. The Authorizing Resolution and the substantially complete documents that have been submitted for approval are consistent with the strategy previously recommended by Finance Staff and the Financial Advisor to extend the term of $530 million bank facilities expiring in 2013 to 2015 and beyond. The Authorizing Resolution provides for the:
  1) direct purchase of Airport System Revenue Variable Rate Bonds, Series 2003D and to terminate the prior Syncora Bond Insurance Policy (term through December 2016);
  2) substitution of Letter of Credit (LOC) for Airport System Revenue Variable Rate Bonds, Series 2009D (term through December 2017);
  3) extension of LOC for Airport System Revenue Variable Rate Bonds, Series 2010C (term through December 2015); and
  4) extension of the Index Rate Period for Airport System Revenue Variable Rate Bonds, Series 2010D (term through December 2015).

  Subject to approval by the Finance Committee in November, Finance Staff and the Financial Advisor will request approval of the substantially final documents at the December Board meeting. The transactions will be closed in December.

Informational Items

- ***2013 Plan of Finance*****.** Finance Staff and the Financial Advisor expect to meet in December to develop the outlines of the 2013 Plan of Finance. Topics to be discussed include: current and advance refunding opportunities, timing, size and form of new money to be issued in 2013; review of swap portfolio; and annual rating agency strategy preparation.

- ***Refunding Update*****.** The Financial Advisor and Finance Staff continue to monitor the economics of certain additional refunding opportunities the Airports Authority could consider pursuing, including a taxable advance refunding of outstanding 2003A (AMT) and a taxable advance refunding of 2003C (Taxable) Bonds.

- ***Capital Construction Program (CCP).*** CCP expenditures in 2012 are budgeted at $274.6 million, including construction and capitalized interest costs. CCP expenditures for October 2012 totaled $5.1 million. Year-to-date 2012 expenditures total $93.7 million.

II. ACTION ITEMS

(II.A) Refinance Bank Facilities

The Finance Committee is being requested to approve and recommend to the Board of Directors the adoption of the proposed Authorizing Resolution. The Authorizing Resolution and the substantially complete documents that have been submitted for approval are consistent with the strategy previously recommended by Finance Staff and the Financial Advisor to extend the term of $530 million bank facilities expiring in 2013 to 2015 and beyond.. The Authorizing Resolution provides for the:

1) direct purchase of Airport System Revenue Variable Rate Bonds, Series 2003D and to terminate the prior Syncora [1] Bond Insurance Policy (term through December 2016);
2) substitution of Letter of Credit (LOC) for Airport System Revenue Variable Rate Bonds, Series 2009D (term through December 2017);
3) extension of LOC for Airport System Revenue Variable Rate Bonds, Series 2010C (term through December 2015); and
4) extension of the Index Rate Period for Airport System Revenue Variable Rate Bonds, Series 2010D (term through December 2015).

			Current Facilities			Recommended Facilities		
Series	Amount ($ millions)	Hedged?	Bank/Product	Costs (bps)	Expiration	Bank/Product	Costs (bps)	Expiration[2]
2003D1	$63.2	No	Wells LoC	27	Mar 2013	New BofA DF	+65[3]	Dec 2016
2009D	$130.2	Yes	BofA LoC	55	Jul 2013	New TD LoC	56	Dec 2017
2010C	$162.7	Partial	Barclays LoC	55	Sept 2013	Extend LOC	55/50[4]	Dec 2015
2010D	$164.7	Yes	Wells DF	+75[5]	Sept 2013	Extend DF	+65[6]	Dec 2015

On October 18, 2012, the Airports Authority used previously received grant funds to redeem $17.5 million of outstanding taxable commercial paper ("CP"). While the Airports Authority has letters of credit ("LoCs") to support $271 million of CP, it has only $21.0 million outstanding at the current time. Excluding the CP program, the Airports Authority has $971.7 million outstanding variable rate bonds, of which $634.6 million are hedged and $337.1 million are unhedged. Of the $971.7 million outstanding, $530.4 million are supported by bank facilities scheduled to expire in March through September 2013.

Following the execution of the current plan of finance, the Airports Authority will have (i) no bank facility expirations until 2014, (ii) maintained the diversity of its bank group

[1] Syncora is currently rated "Ca" by Moody's (four notches below "Baa3" investment grade) and is unrated by S&P and Fitch.
[2] Assuming a closing in December 2012.
[3] The fee for the proposed BofA Direct Funded Indexed Floater is 72% of one month LIBOR plus 65 bps.
[4] Barclays proposes to keep the existing LoC cost at 55 bps through the existing term through September 2013 and then lower the fee to 50 bps for two years after.
[5] The fee for the current Wells Direct Funded Indexed Floater is 72% of one month LIBOR plus 75 bps.
[6] The proposed fee for the Direct Funded Indexed Floater is the spread over 72% of one-month LIBOR.

and (iii) diversified its renewal risk. Prior to the execution of this bank plan, the weighted average cost of the bank facilities (excluding commercial paper) is 63.1 basis points and the weighted average expiration occurs in 2.0 years. Upon execution, the weighted average cost of the bank facilities will be 62.9 basis points and the weighted average expiration date is 3.6 years.[7]

MWAA Scheduled Bank Renewals (before 2012 plan)

Term	Series	Amount Hedged ($)	Amount Unhedged ($)	Bank Facility
2013	**2003D1**	**--**	**63,225,000**	**Wells LoC**
	2009D	**130,185,000**		**BAML LoC**
	2010C1	**--**	**63,050,000**	**Barclays LoC**
	2010C2	**99,660,000**	**–**	**Barclays LoC**
	2010D	**164,660,000**	**–**	**Wells Floaters**
2014	CP 1	–	250,000,000	JPM LoC
2015	CP 2	–	21,000,000	LBBW LoC
	2011B	–	173,185,000	Citi Floaters
2016	2011A	200,530,000	–	Wells Floaters

MWAA Scheduled Bank Renewals (after 2012 plan)

Term	Series	Amount Hedged ($)	Amount Unhedged ($)	Bank Facility
2013				
2014	CP 1	–	250,000,000	JPM LoC
2015	CP 2	–	21,000,000	LBBW LoC
	2011B	–	173,185,000	Citi Floaters
	2010C1	**--**	**57,925,000**	**Barclays LoC**
	2010C2	**95,095,000**	**–**	**Barclays LoC**
	2010D	**155,625,000**	**–**	**Wells Floaters**
2016	2011A	200,530,000	–	Wells Floaters
	2003D1	**--**	**55,900,000**	**BofA Floaters**
2017	**2009D**	**116,785,000**		**TD LoC**

MWAA Scheduled Bank Renewals (before 2012 plan)

Term	Amount Hedged ($)	Amount Unhedged ($)	Total ($)
2013	394,505,000	126,275,000	520,780,000
2014	–	250,000,000	250,000,000
2015	–	194,185,000	194,185,000
2016	200,530,000	–	200,530,000
2017	–	–	–
Total	**595,035,000**	**570,460,000**	**1,165,495,000**

MWAA Scheduled Bank Renewals (after 2012 plan)

Term	Amount Hedged ($)	Amount Unhedged ($)	Total ($)
2013	–	–	–
2014	–	250,000,000	250,000,000
2015	250,720,000	252,110,000	502,830,000
2016	200,530,000	55,900,000	256,430,000
2017	116,785,000	–	116,785,000
Total	**568,035,000**	**558,010,000**	**1,126,045,000**

Schedule. Subject to approval by the Finance Committee in November, Finance Staff and the Financial Advisor will request approval of the substantially final documents at the December Board meeting. The transactions will be closed in December.

[7] To determine the weighted average costs, the cost for indexed floaters is assumed at just the spread and does not take into account the type of index.

III. Informational Items

(III.A) 2013 Plan of Finance

Finance Staff and the Financial Advisor expect to meet in December to develop the outlines of the 2013 Plan of Finance. Topics to be discussed include: current and advance refunding opportunities, timing, size and form of new money to be issued in 2013; review of swap portfolio; and annual rating agency strategy preparation.

(III.B) Refunding Update

The Financial Advisor and Finance Staff continue to monitor the economics of certain refunding opportunities the Airports Authority could consider pursuing, including a taxable advance refunding of outstanding 2003A (AMT) and a taxable advance refunding of 2003C (Taxable) Bonds. Board approval would be required to proceed with these refundings. It should be noted that recently the taxable market (both absolute rate levels and credit spreads) has been significantly more volatile than the tax-exempt market. Therefore, the results summarized below could vary significantly from day-to-day.

Advance Refunding Savings at Current Rates (Taxable Refunding Bonds)
Assuming December 1, 2012 Delivery Date

Series	Callable Par ($ millions)	Call Date/ Call Premium	Par that Meet Minimum Thresholds ($ millions)*	NPV Savings $ / %	Negative Arbitrage
2003A (AMT)	$149.030	10/1/13 @ 100%	$149.030	$10.3 mm / 6.7%	$4.7 mm
2003C (Taxable)	$31.305	10/1/13 @ 100%	$31.305	$4.5 mm / 13.4%	$0.6 mm
Total	**$180.340**		**$180.340**	**$14.8 mm / 7.9%**	**$5.3 mm**

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

With respect to refunding the Series 2003A (AMT) Bonds, we have calculated that rates could rise as much as 90 basis points by July 3, 2013, and the Airports Authority would be able to achieve the same net present value savings as executing a taxable advance refunding today (assumes an AMT current refunding in 2013). With respect to refunding the Series 2003C (Taxable) Bonds, rates could rise as much as 50 basis points by July 3, 2013, and the Airports Authority would be able to achieve the same net present value savings as executing an advance refunding today. Additionally, the Airports Authority could consider pursuing these refundings in conjunction with an expected new money sale in Spring/Summer 2013 to gain some economies of scale.

In today's market, a forward delivery AMT refunding of all outstanding Series 2003A Bonds may be more cost effective than a taxable advance refunding. We estimate that forward delivery AMT refunding bonds would carry a monthly premium of 6 basis points per month, allowing the Airports Authority to lock in rates for refunding bonds to be delivered on or around July 3, 2013. As currently structured, a forward refunding would incur a total premium of 40-45 basis points. In addition, a forward refunding sale would require an updated disclosure document and re-affirmation of the long-term ratings.

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. For 2012, CCP expenditures including construction and capitalized interest costs were budgeted at $274.6 million. CCP expenditures for October 2012 totaled $5.1 million. Year-to-date 2012 expenditures total $93.7 million.

CCP Projections vs. Actuals
($ millions)

	General Ledger Actual	*Original Projection*	*Variance*	*Variance (%)*
12-Jan	$4.51	$14.20	($9.69)	-68.24%
12-Feb	$13.21	$22.30	($9.09)	-40.76%
12-Mar	$12.55	$13.10	($0.55)	-4.20%
12-Apr	$12.00	$31.90	($19.90)	-62.38%
12-May	$7.08	$24.20	($17.12)	-70.74%
12-Jun	$7.01	$20.40	($13.39)	-65.64%
12-Jul	$7.38	$27.20	($19.82)	-72.87%
12-Aug	$10.06	$32.90	($22.84)	-69.42%
12-Sep	$14.77	$16.80	($2.03)	-12.08%
12-Oct	$5.13	$18.70	($13.57)	-72.57%
2012 Totals	**$93.70**	**$221.70**	**($128.00)**	**-57.74%**

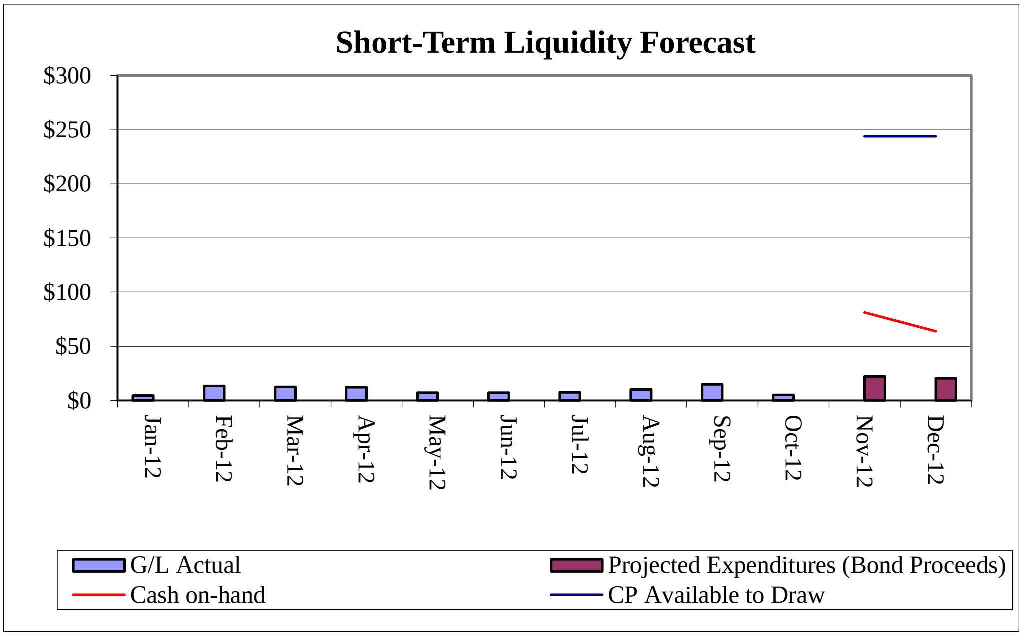
(IV.B) Short-term Liquidity Forecast

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

As of November 1, 2012, the Airports Authority had $81.3 million of cash-on-hand and $249.0 million of additional available liquidity in the form of undrawn CP One capacity.

Short-term Liquidity Forecast ($ millions)

Beginning of Month	Cash Available	CP Available to Draw	PFCs	Grants	Projected Expenditures
12-Nov	81.3	249.0	0.4	4.2	-22.2
12-Dec	63.7	249.0	0.4	4.2	-20.4



(IV.C) Variable Rate Programs

In addition to the approximately $961.3 million of variable rate debt that the Airports Authority has currently outstanding, the Airports Authority can issue up to $249.0 million of CP One Notes which are currently "on-the-shelf."

The approximately $338.6 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	$4,090,855,000	
2009D VRDOs (Hedged)	130,185,000	
2010C2 VRDOs (Hedged)	99,660,000	
2010D VRDOs (Hedged)	164,660,000	
2011A VRDOs (Hedged)	228,165,000	
Fixed Rate	**$4,713,525,000**	**93.30%**
Variable Rate Debt Percentage:		
2003D VRDOs	63,225,000	
2010C1VRDOs	63,050,000	
2011B VRDOs	191,360,000	
CP Notes	21,000,000	
Variable Rate	**$338,635,000**	**6.70%**
Combined Total	**$5,052,160,000**	**100.00%**

The Airports Authority's current $421.4 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 their respective swaps. The 2009 Swap originally hedged the Series 2009A 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 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:

- Runway 1-19 Overlay and Taxiway Rehabilitation;
- Runway 1-19 Runway Safety Area – General Construction Package;
- NAVAIDS – ALSF 2;
- TV-900 Blast Fence; and
- River Rescue Facility.

Major projects under construction at Dulles International include:

- South Baggage Basement In Line High Volume Baggage Screening;
- East Baggage Basement In Line High Volume Baggage Screening – Advance Utility Relocation;
- East and West Baggage Basement EDS In Line High Volume Baggage Screening;
- Concourse C/D Rehabilitation;
- Deicing Enhancements (4th Runway);
- Taxilane E and Concourse C/D Apron Rehabilitation; and
- Main Terminal Commissioning Phase 1

Historical CCP Projections vs. Actuals (2001-2011)
($ 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%)

*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	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[1]	Purpose
2003A	October 1, 2003	185,000,000	153,310,000	AMT	Fixed	FGIC	New Money/Refunding
2003B	October 1, 2003	44,135,000	2,920,000	Non-AMT	Fixed	FGIC	Refunding
2003C	October 1, 2003	52,565,000	33,850,000	Taxable	Fixed	FGIC	New Money/Refunding
2003D	October 1, 2003	150,000,000	63,225,000	AMT	Variable	Wachovia/ Syncora (XL)	New Money
2004A	August 26, 2004	13,600,000	13,530,000	Non-AMT	Fixed	MBIA	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	Refunding
2004C-2	August 12, 2004	111,545,000	93,980,000	AMT	Fixed	FSA	Refunding
2004D	August 26, 2004	218,855,000	150,430,000	AMT	Fixed	MBIA	Refunding
2005A	April 12, 2005	320,000,000	254,525,000	AMT	Fixed	MBIA	New Money/Refunding
2005B	April 12, 2005	19,775,000	16,410,000	Non-AMT	Fixed	MBIA	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	Refunding
2006A	January 25, 2006	300,000,000	245,000,000	AMT	Fixed	FSA	New Money/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	Refunding
2007A	July 2, 2007	164,460,000	126,040,000	AMT	Fixed	AMBAC	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/Refunding
2009B	April 1, 2009	236,825,000	228,655,000	Non-AMT	Fixed	BHAC	New Money/Refunding
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	Bank of America	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	-	Refunding
2010C**	September 22, 2010	170,000,000	162,710,000	C1 AMT, C2 Non-AMT	Variable	Barclays	Refunding
2010D*	September 22, 2010	170,000,000	164,658,000	Non-AMT	Variable	Wells Fargo	New Money/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	New Money/Refunding
2011B	September 21, 2011	207,640,000	191,360,000	Non-AMT	Variable	Citi	New Money/Refunding
2011C	September 29, 2011	185,390,000	178,315,000	AMT	Fixed	-	Refunding
2011D	September 29, 2011	10,385,000	10,015,000	Non-AMT	Fixed	-	Refunding
2012A	July 3, 2012	291,035,000	291,035,000	AMT	Fixed	-	Refunding
2012B	July 3, 2012	20,790,000	20,790,000	Non-AMT	Fixed	-	Refunding
Total		5,803,165,000	5,031,158,000				

**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.*

[1]Approximately 50% of the GARB portfolio is additionally secured through bond insurance.

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
The Airports Authority does not have any currently callable bonds outstanding.

Advance Refunding Candidates – Non-AMT
The 2004A Non-AMT Bonds may be advance refunded[8].

Series	*Callable Par/ Maturities*	*Range of Interest Rates*	*Call Date*	*Call Premium*	*Savings Required*	*Net PV Savings*	*Negative Arbitrage*	*Breakeven*
2004A	$13,510,000 (2015-2022)	4.50% - 5.00%	10/1/2014	100%	1%	$1.9 mm; 14.1% $13.5 mm refunded	$456,000	75 bps

Refunding Candidates – AMT
The Series 2003A 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. While we present in Section III of this paper a potential taxable advance refunding of certain outstanding Series 2003A Bonds, the table below illustrates results of a hypothetical AMT advance refunding.

Series	*Callable Par/ Maturities*	*Range of Interest Rates*	*Call Date*	*Call Premium*	*Savings Required*	*Net PV Savings*	*Negative Arbitrage*	*Breakeven*
2003A	$149,030,000 (2014-2033)	4.25% - 5.50%	10/1/2013	100%	2-3%	$16.2 mm; 11.2% $144 mm refunded*	$3.4 mm	40-45 bps

*Note that not all of the Series 2003A Bonds meet the refunding criteria. Due to the maximum annual debt service requirement for the 2003A DSRF Requirement, cashflow savings would be affected by a partial refunding.

Refunding Candidates – Taxable
The Series 2003C and 2005C Bonds may be advance refunded with the proceeds of taxable bonds. Under current market conditions, the 2005C Bonds do not meet the savings requirement.

Series	*Callable Par/ Maturities*	*Range of Interest Rates*	*Call Date*	*Call Premium*	*Savings Required*	*Net PV Savings*	*Negative Arbitrage*	*Breakeven*
2003C	$31,305,000 (2014-2023)	5.29% - 6.00%	10/1/2013	100%	1%	$4.5 mm; 13.4% $33.8 mm refunded*	$624,000	50 bps

*These results reflect the savings associated with the callable bonds and 2013 non-callable bond (the non-callable bond does produce required savings). All of the Series 2003C Bonds would need to be refunded (even those below the required savings threshold, if any) so that the reserve fund could be released. Otherwise, cashflow savings are negatively affected.

[8] 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.

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%
Wells Fargo	VRDO: 2003 D-1 Bonds	$63.225	0.08%
Bank of America	VRDO: 2009D Bonds***	$130.185	0.10 – 0.15%
Barclays	VRDO: 2010C Bonds	$162.710	0.08%
Wells Fargo	Index Floater: 2010D Bonds	$164.658	None
Wells Fargo	Index Floater: 2011A Bonds	$228.165	None
Citi	Index Floater: 2011B Bonds	$191.360	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 0.15 percent remarketing fee and those bonds in a weekly mode have a 0.10 percent remarketing fee.*

Details of Facilities.

Bank Provider	*Facility*	*Program/ Series*	*Amount ($MM)*	*Utilized Costs (bps)*	*Unutilized Costs (bps)*	*Expiration Date*
JP Morgan	Letter of Credit	CP: Series One	$250.000	70	70	March 13, 2014
LBBW	Letter of Credit	CP: Series Two	$21.000	110	90	December 29, 2015
Wells Fargo*	Letter of Credit	2003 D1 VRDO	$63.225	27.0	N/A	March 12, 2013
Banc of America	Letter of Credit	2009 D VRDO	$130.185	55.0**	N/A	July 2, 2013
Barclays Capital	Letter of Credit	2010 C VRDO	$162.710	55.0	N/A	September 23, 2013
Wells Fargo	Index Floater	2010 D	$164.658	75.0***	N/A	September 23, 2013
Wells Fargo	Index Floater	2011A	$228.165	82.0***	N/A	September 21, 2016
Citi	Index Floater	2011B	$191.360	55.0****	N/A	September 21, 2015

**In addition to the LoCs, Syncora (XL) provides bond insurance on these VRDOs. The annualized bond insurance is approximately 16 bps.*
*** On August 2, 2010, Bank of America provided an unsolicited term sheet to lower the entire cost of its facility to 55 bps and extend the term by one year.*
****This is a fixed spread to the 72 percent of LIBOR Index.*
*****This is a fixed spread to the SIFMA Index.*

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	2003 D-1 Wells[9]	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	SIFMA
12-month Rolling Average	0.404%	0.673%	0.677%	0.623%	0.627%	0.772%	0.842%	0.782%	1.384%	0.16%
Aug-12 – Oct-12	0.413%	0.663%	0.694%	0.634%	0.632%	0.750%	0.820%	0.775%	1.285%	0.16%
July-12 – Sept-12	0.414%	0.682%	0.695%	0.627%	0.633%	0.769%	0.839%	0.790%	1.338%	0.15%
Apr-12 – June-12	0.401%	0.682%	0.685%	0.622%	0.637%	0.715%	0.785%	0.722%	1.318%	0.21%
Jan-12 – Mar-12	0.396%	0.671%	0.677%	0.619%	0.613%	0.815%	0.885%	0.800%	1.401%	0.12%

2004 – 2011 Historical All-in Costs *(annually)*

Year	2003 D-1 GS	2003 D-2 MS[10]	2002C UBS/ BoA[11]	2009A MS	2009D1 BoA Weekly	2009D2 BoA Daily	2010C1 Barclay 2-Day	2010C2 Barclay Weekly	2010D Wells Index	CP 1 JPM	CP 2 ML (Tax.)	CP A/2 ML	SIFMA
2011	0.405%	n.a.	n.a.	n.a.	0.648%	0.668%	0.599%	0.606%	0.745%	0.721%	n.a.	1.468%	0.17%
2010	0.413%	n.a.	0.338%	1.109%	1.243%	1.307%	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%

[9] On April 16, 2009, Wells Fargo took over the remarketing of the 2003D-1 Bonds from Goldman Sachs.
[10] 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.
[11] 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	2003 D-1 WA[12]	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	SIF-MA
12-month Rolling Average	0.054%	0.023%	-0.023%	-0.007%	-0.003%	0.022%	0.022%	0.042%	0.234%	0.16%
Aug-12– Octt-12	0.063%	0.013%	-0.006%	0.004%	0.002%	0.000%	0.000%	0.035%	0.135%	0.16%
July-12– Sept-12	0.064%	0.032%	-0.005%	-0.003%	0.003%	0.019%	0.019%	0.050%	0.188%	0.15%
Apr-12– June-12	0.051%	0.032%	-0.015%	-0.008%	0.007%	-0.035%	-0.035%	-0.018%	0.168%	0.21%
Jan-12– Mar-12	0.046%	0.021%	-0.023%	-0.011%	-0.017%	0.065%	0.065%	0.060%	0.251%	0.12%

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

Year	2003 D-1 GS	2003 D-2 MS[13]	2002C UBS/ BoA[14]	2009A MS	2009D1 BoA Weekly	2009D2 BoA Daily	2010C1 Barclay 2-Day	2010C2 Barclay Weekly	2010D Wells Index	CP 1 JPM	CP 2 ML (Tax.)	CP A/2 ML	SIFMA
2011	0.055%	n.a.	n.a.	n.a.	0.004%	-0.033%	-0.033%	-0.024%	-0.013%	0.073%	n.a.	0.315%	0.17%
2010	0.063%	n.a.	0.092%	0.159%	-0.014%	-0.000%	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%

[12] On April 16, 2009, Wells Fargo took over the remarketing of the 2003D-1 Bonds from Goldman Sachs.
[13] 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.
[14] 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[15]	Fixed Rate
7/31/01	8/29/02	10/1/21	Bank of America	A3/A/A	$47.6	2011A-2	($8,953,000)	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	($62,443,000) ($36,101,000) ($98,544,000)	4.099%
6/15/06	10/1/10	10/1/40	Wells Fargo	Aa3/AA-/AA-	$164.7	2010D	($59,596,000)	4.112%
5/13/05	10/1/11	10/1/39	Wells Fargo	Aa3/AA-/AA-	$125.0	2011A-1	($37,330,000)	3.862%
				Aggregate Swaps	$622.8		($204,423,000)	

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	$51.7	2011A-2 (Indexed Floaters)	4.445%	5.215%**
10/1/09	$57.0	2011A-3 (Indexed Floaters)	4.099%	4.869%**
10/1/09	$233.5	2009D&2010C2 (VRDOs)	4.099%	5.034%
10/1/10	$167.4	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.*

[15] Amounts as of October 31, 2012; 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 table below 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[16]	72% 1-month LIBOR	Average All-In Aggregate Interest Rate[17]	Average Fixed Swap Rate	Effective Interest Rate[18]	All-In Effective Rate to Date
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%

[16] 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.

[17] The 2009D1 and 2010C2 variable rate bonds are currently in a weekly mode, with interest rate resets each Wednesday for a Thursday effective date. The 2009D2 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.

[18] 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.