

JANUARY 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:

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- II. Action Items
 - No Action Items
- III. Informational Items
 - A. Removal of Ambac Swap Insurance from 2011 Swap
 - B. 2012 Plan of Finance Discussion
- IV. Monthly Updates
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I. EXECUTIVE SUMMARY

Action Items

- There are no action items this month.

Informational Items

- ***Removal of Ambac Swap Insurance from 2011 Swap.*** During the week of November 28, the Airports Authority, Wells Fargo (as successor to Wachovia), the counterparty on \$125 million swap that went live on October 1, 2011 (the “2011 Swap”), and Ambac executed the documents to cancel the Ambac swap insurance policy from the 2011 Swap. There was no termination payment required and the Airports Authority has no further obligations to Ambac pursuant to the 2011 Swap.
- ***2012 Plan of Finance.*** Finance Staff and the Financial Advisor convened on December 21 to develop the outlines of the 2012 Plan of Finance. Topics discussed included: timing, size and alternative structures for potential new money bonds to be issued in 2012; review of the Airports Authority’s variable rate portfolio and existing bank facilities; review of the Airports Authority’s swap portfolio; annual rating agency strategy preparation; and current and advance refunding opportunities.
- ***Capital Construction Program (CCP).*** CCP expenditures in 2011 were budgeted at \$299.4 million including construction and capitalized interest costs. CCP expenditures totaled \$24.4 million in November 2011. Expenditures in December 2011 are not yet available. Through the end of November 2011, CCP expenditures totaled \$145.8 million. CCP expenditures in 2012 are budgeted at \$274.6 million including construction and capitalized interest costs.

II. ACTION ITEMS

There are no Action Items this month.

III. INFORMATIONAL ITEMS

(III.A) Removal of Ambac Swap Insurance from 2011 Swap

During the week of November 28, the Airports Authority, Wells Fargo (as successor to Wachovia), the counterparty on \$125 million swap that went live on October 1, 2011 (the “2011 Swap”), and Ambac executed the documents to cancel the Ambac swap insurance policy from the 2011 Swap. There was no termination payment required and the Airports Authority has no further obligations to Ambac pursuant to the 2011 Swap.

In addition, the Airports Authority entered into an agreement with Wells Fargo to (i) cancel the insured 2005 Master Swap Agreement that previously governed the 2011 Swap confirmation and (ii) transferred the 2011 Swap confirmation to the uninsured 2006 Master Swap Agreement, which also governs the \$170.0 million interest rate swap that went live on October 1, 2010 (currently outstanding in the amount of \$167.4 million).

(III.B) 2012 Plan of Finance

Finance Staff and the Financial Advisor convened on December 21 to develop the outlines of the 2012 Plan of Finance. Topics discussed included: timing, size and alternative structures for the potential new money bonds to be issued in 2012; review of the Airports Authority’s variable rate portfolio and existing bank facilities; review of the Airports Authority’s swap portfolio; annual rating agency strategy preparation; and current and advance refunding opportunities.

New Money Financing and Refinancing of CP. Finance Staff and the Financial Advisor continue to refine projected monthly capital expenditures and expected cash on-hand and available CP capacity to determine the timing and size for the potential new money bonds to be issued in 2012. Bond proceeds would be used to refinance all or a portion of the expected outstanding CP and to fund future capital expenditures, including capitalized interest. Additionally, Finance Staff and the Financial Advisor discussed alternative borrowing structures. Further analyses will be undertaken to evaluate potential impacts on projected debt service coverage, the rates and charges structure and Net Remaining Revenues.

Variable Rate Bonds and Bank Facilities. Finance Staff and the Financial Advisor continue to monitor the performance of the Airports Authority's variable rate portfolio, both hedged and unhedged. In 2011, variable rate resets have remained below 40 basis points and each of the programs have traded in-line with one another, with some variability due to tax status (i.e. AMT rates vs. non-AMT rates).

As detailed in Exhibit C-1, the bank facilities supporting the Airports Authority's variable rate bonds have the following expiration dates:

Variable Rate Portfolio					
Term	Series	Amount Hedged (\$)	Amount Unhedged (\$)	Bank Facility	3-month Rolling Average (Oct.-Dec.) Spread to SIFMA *
2012	--	--	--	--	--
2013	2003D1	--	64,825,000	Wells LoC	0.05% (Weekly)
	2009D	132,505,000	--	BAML LoC	0.02% (Weekly) -0.06% (Daily)
	2010C1	--	64,650,000	Barclays LoC	-0.02% (2-Day)
	2010C2	101,045,000	--	Barclays LoC	-0.01% (Weekly)
	2010D	167,392,200	--	Wells Floaters	0.06%
2014	CP 1	--	250,000,000	JPM LoC	0.11%
2015	CP 2	--	21,000,000	LBBW LoC	0.39%
	2011B	--	207,640,000	Citi Floaters	0.00%
2016	2011A	233,635,000	--	Wells Floaters	0.11%

*Average rate spread to SIFMA excluding costs of bank facilities/spread to index.

The next facility expiration date is the Wachovia letter of credit securing the Series 2003D1 Bonds scheduled to expire in March 2013. As part of the 2012 Plan of Finance, Finance Staff and the Financial Advisor discussed potentially replacing some portion of the \$530 million of scheduled facility expirations in 2013 in advance of the termination dates.

Swap Portfolio. Finance Staff and the Financial Advisor continue to monitor the performance of the Airports Authority's swap portfolio. The Airports Authority has \$634.6 million of swaps that hedge a portion of its outstanding variable rate debt. 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. See **Section IV.D** and **Exhibit D** for further information on the performance of the swaps.

Swap Portfolio					
Effective Date	Hedged Series	Notional Amount (\$)	Counterparty	Ratings	Fixed Rate
8/29/02	2011A-2	51,660,000	Bank of America	A2/A/A	4.445%
10/1/09	2011A-3 2009D 2010C2	290,525,000	Bank of America (\$106,525,833)	A2/A/A	4.099%
			JP Morgan (\$183,999,167)	Aa1/A+/AA-	
10/1/10	2010D	167,392,200	Wells Fargo	Aa3/AA-/AA-	4.112%
10/1/11	2011A-1	125,000,000	Wells Fargo	Aa3/AA-/AA-	3.862%

Annual Rating Agency Strategy Preparation. The Airports Authority is currently rated:

- Moody's: Aa3 with negative outlook;
- Fitch: AA- with stable outlook; and
- Standard and Poor's: AA- with stable outlook.

Recent rating agency concerns have focused on decreasing coverage and increasing cost per enplanement. Finance Staff and the Financial Advisor discussed preparation and strategy with regards to its annual rating agency meetings.

Current Refunding Opportunities. The Airports Authority has \$67.8 million of AMT bonds that are currently callable as of today and \$268.5 million of AMT bonds that will become currently callable in July 2012 (90 days prior to their call date).

Current Refunding Opportunities (AMT Bonds)			
Series	Callable Par (\$millions)	Call Date/Call Premium	Notes
2001A	\$67.800	October 1, 2011 @ 101% October 1, 2012 @ 100%	
2002A	\$181.765	October 1, 2012 @ 100%	Can be refunded as early as July 3, 2012
2002D	\$86.735	October 1, 2012 @ 100%	Can be refunded as early as July 3, 2012

Refunding results based upon current rates are presented in Exhibit B-2.

Advance Refunding Opportunities. The Airports Authority has \$34.0 million of non-AMT bonds callable in 2013-2014 that can be advance refunded.

Advance Refunding Opportunities (non-AMT Bonds)		
Series	Callable Par (\$millions)	Call Date/Call Premium
2003B	\$20.645	October 1, 2013 @ 100%
2004A	\$13.530	October 1, 2014 @ 100%

Refunding results based upon current rates are presented in Exhibit B-2.

Underwriting Team. In 2007, the Airports Authority selected its underwriting team for the Aviation Enterprise. Since that time, pursuant to various Board actions, various firms were added, removed or replaced. On its most recent financing in 2011, the members of the underwriting team were, in alphabetical order:

- Bank of America/Merrill Lynch
- Barclays
- Citigroup
- JP Morgan
- Loop Capital
- Morgan Keegan
- Morgan Stanley
- Siebert Brandford and Shank
- Wells Fargo

The 2007 resolution selecting the underwriting team at that time set an expiration in June 2012. The Aviation Enterprise Financial Advisor, the Dulles Corridor Enterprise Financial Advisors and Finance Staff have met to discuss a potentially coordinated approach to re-evaluating the underwriting teams and are prepared to initiate an Underwriting RFP upon the direction of the Committee.

Financing Schedule. Finance Staff and the Financial Advisor are targeting a bond issue in the third quarter of this year and will continue to evaluate appropriate timing in the coming months.

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 2011, CCP expenditures including construction and capitalized interest costs are budgeted at \$299.4 million. CCP expenditures totaled \$24.4 million in November 2011. Expenditures in December 2011 are not yet available. Through the end of November 2011, CCP expenditures totaled \$145.8 million.

CCP Projections vs. Actuals (\$ millions)

	<i>General Ledger Actual</i>	<i>Original Projection</i>	<i>Variance</i>	<i>Variance (%)</i>
January-11	\$10.36	\$14.20	(\$3.84)	(27.0%)
February-11	\$19.45	\$22.30	(\$2.85)	(12.8%)
March-11	\$18.44	\$13.10	\$5.34	40.8%
April-11	\$9.45	\$31.90	(\$22.45)	(70.4%)
May-11	\$5.26	\$24.20	(\$18.94)	(78.3%)
June-11	\$2.34	\$20.40	(\$18.06)	(88.5%)
July-11	\$19.60	\$27.20	(\$7.60)	(27.9%)
August-11	\$23.20	\$32.90	(\$9.70)	(29.5%)
September-11	\$7.90	\$16.80	(\$8.90)	(53.0%)
October-11	\$5.40	\$43.50	(\$38.10)	(87.6%)
November-11	\$24.40	\$26.90	(\$2.50)	(9.3%)
2011 Totals	\$145.80	\$273.40	\$127.60	(46.7%)

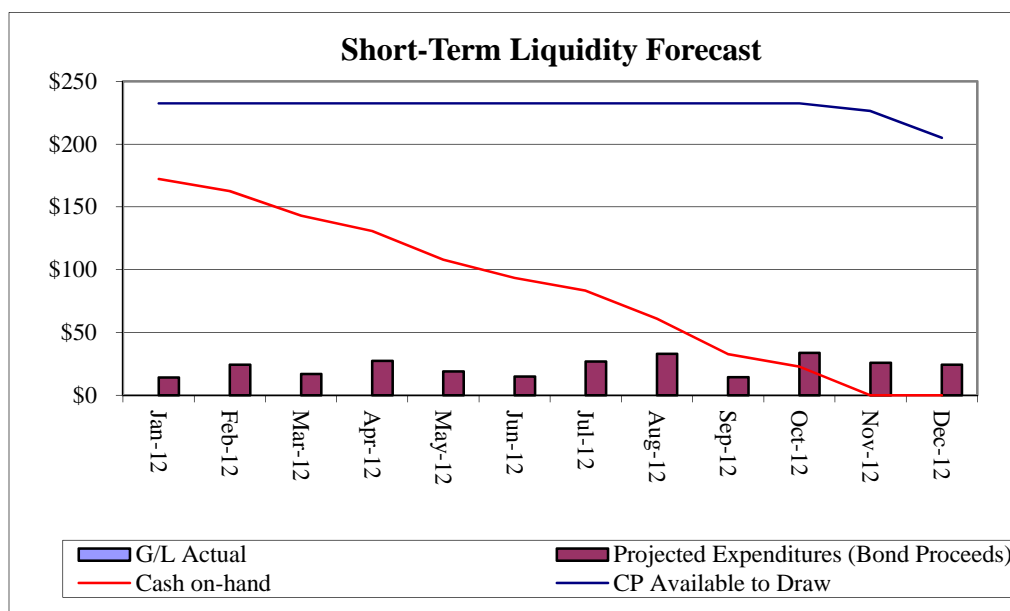
(IV.B) Short-term Liquidity Forecast

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

As of January 1, 2012, the Airports Authority had \$172.2 million of cash-on-hand and \$232.5 million of additional available liquidity in the form of undrawn CP One capacity. CCP and capitalized interest are budgeted to total \$274.6 million in 2012.

Short-term Liquidity Forecast (\$ millions)

Beginning of Month	Cash Available	CP Available to Draw	PFCs	Grants	Projected Expenditures
January-12	172.2	232.5	0.4	4.2	(14.1)
February-12	162.7	232.5	0.4	4.2	(24.2)
March-12	143.1	232.5	0.4	4.2	(17.0)
April-12	130.7	232.5	0.4	4.2	(27.4)
May-12	107.9	232.5	0.4	4.2	(19.0)
June-12	93.5	232.5	0.4	4.2	(14.8)
July-12	83.3	232.5	0.4	4.2	(26.9)
August-12	61.0	232.5	0.4	4.2	(32.9)
September-12	32.7	232.5	0.4	4.2	(14.4)
October-12	22.9	232.5	0.4	4.2	(33.7)
November-12	-	226.3	0.4	4.2	(25.9)
December-12	-	205.0	0.4	4.2	(24.3)



(IV.C) Variable Rate Programs

In addition to the approximately \$1.01 billion of variable rate debt that the Airports Authority has currently outstanding, the Airports Authority can issue up to \$232.5 million of CP One Notes which are currently “on-the-shelf.”

The approximately \$375.6 million in unhedged variable rate debt outstanding represents approximately 7.2 percent of the outstanding \$5.2 billion indebtedness.

Gross Variable Rate Exposure

Fixed Rate Debt Percentage:		
Fixed Rate Debt	\$4,245,315,000	
2009D VRDOs (Hedged)	132,505,000	
2010C2 VRDOs (Hedged)	101,045,000	
2010D VRDOs (Hedged)	167,392,200	
2011A VRDOs (Hedged)	233,635,000	
	\$4,879,892,200	92.85%
Variable Rate Debt Percentage:		
2003D VRDOs	64,825,000	
2010C1 VRDOs	64,650,000	
2011B VRDOs	207,640,000	
CP Notes	38,500,000	
	\$375,615,000	7.15%
Combined Total	\$5,255,507,200	100.00%

The Airports Authority’s current \$363.5 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 net variable rate exposure is less than 0.1 percent at \$12.1 million.

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 1-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 1-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 1-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 1-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; and
- TV-900 Blast Fence

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;
- Concourse C/D Rehabilitation;
- Deicing Enhancements (4th Runway);
- Taxilane E and Concourse C/D Apron Rehabilitation;
- Main Terminal Commissioning Phase 1; and
- Airfield Tree Clearing and Site Preparation

Historical CCP Projections vs. Actuals (2001-2010) (\$ millions)

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

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

** Projection reflects December 2005 budget amendment.

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

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

Lien: Senior

Credit Ratings:

	<u>Rating</u>	<u>Outlook</u>	<u>As of</u>
Moody's	Aa3	Negative	September 8, 2011
S&P	AA-	Stable	September 12, 2011
Fitch	AA-	Stable	September 9, 2011

Series	Dated Date	Originally Issued Par Amount	Current Outstanding Par Amount	Tax Status	Tenor	Credit Enhancement	
						Provider ⁽¹⁾	Purpose
2001A	April 1, 2001	286,165,000	67,820,000	AMT	Fixed	MBIA	New Money
2002A	June 4, 2002	222,085,000	186,750,000	AMT	Fixed	FGIC	New Money
2002B	June 4, 2002	27,915,000	650,000	Non-AMT	Fixed	FGIC	New Money
2002D	August 28, 2002	107,235,000	89,195,000	AMT	Fixed	FSA	Refunding
2003A	October 1, 2003	185,000,000	157,425,000	AMT	Fixed	FGIC	New Money/Refunding
2003B	October 1, 2003	44,135,000	26,370,000	Non-AMT	Fixed	FGIC	Refunding
2003C	October 1, 2003	52,565,000	36,275,000	Taxable	Fixed	FGIC	New Money/Refunding
2003D	October 1, 2003	150,000,000	64,825,000	AMT	Variable	Wachovia/ Syncora (XL)	New Money
2004A	August 26, 2004	13,600,000	13,540,000	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	94,090,000	AMT	Fixed	FSA	Refunding
2004D	August 26, 2004	218,855,000	168,070,000	AMT	Fixed	MBIA	Refunding
2005A	April 12, 2005	320,000,000	263,685,000	AMT	Fixed	MBIA	New Money/Refunding
2005B	April 12, 2005	19,775,000	18,120,000	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	36,180,000	Non-AMT	Fixed	FGIC	Refunding
2007A	July 2, 2007	164,460,000	134,495,000	AMT	Fixed	AMBAC	Refunding
2007B	September 27, 2007	530,000,000	432,805,000	AMT	Fixed	AMBAC	New Money
2008A	June 24, 2008	250,000,000	229,965,000	AMT	Fixed	-	New Money/Refunding
2009B	April 1, 2009	236,825,000	231,435,000	Non-AMT	Fixed	BHAC	New Money/Refunding
2009C	July 2, 2009	314,435,000	304,285,000	Non-AMT	Fixed	-	Refunding PFC
2009D*	July 2, 2009	136,825,000	132,505,000	Non-AMT	Variable	Bank of America	Refunding PFC
2010A	July 28, 2010	348,400,000	344,575,000	Non-AMT	Fixed	-	New Money/OMP
2010B	July 28, 2010	229,005,000	217,720,000	AMT	Fixed	-	Refunding
2010C**	September 22, 2010	170,000,000	165,695,000	C1 AMT, C2 Non-AMT	Variable	Barclays	Refunding
2010D*	September 22, 2010	170,000,000	167,392,200	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	233,635,000	AMT	Variable	Wells Fargo	New Money/Refunding
2011B	September 21, 2011	207,640,000	207,640,000	Non-AMT	Variable	Citi	New Money/Refunding
2011C	September 29, 2011	185,390,000	185,390,000	AMT	Fixed	-	Refunding
2011D	September 29, 2011	10,385,000	10,385,000	Non-AMT	Fixed	-	Refunding
Total		6,134,740,000	5,217,007,200				

*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 65% of the GARB portfolio is additionally secured through bond insurance.

Insurer Splits as % of Total Bond Portfolio	
Insurer	Insured
Ambac	11.02%
BHAC	4.44%
FGIC	15.70%
FSA	13.51%
National (MBIA)	10.76%
Syncora (XL)	1.24%
Uninsured	43.34%

Insurer Splits as % of Insured Bond Portfolio	
Insurer	Insured
Ambac	19.45%
BHAC	7.83%
FGIC	23.84%
FSA	23.84%
National (MBIA)	18.99%
Syncora (XL)	2.19%

Aviation Enterprise Total TIC of Fixed Rate Debt
4.82%

Exhibit B-2 Airport System Revenue Bonds Refunding Monitor

Current Refunding Opportunities (As of July 3, 2012) - AMT

The Series 2001A Bonds (AMT) are currently callable. The Series 2002A and Series 2002D Bonds become currently callable 90 days prior to their call date of October 1, 2012. The results below assume current refunding bonds are issued on July 3, 2012. The required savings are applicable to current refunding bonds issued 90 days prior to the call date. Each of these series has a debt service reserve requirement of maximum annual debt service. If a series is only partially refunded, the reserve fund implications could affect cashflow savings.

<i>Series</i>	<i>Callable Par</i>	<i>Callable Maturities</i>	<i>Range of Interest Rates</i>	<i>Call Date</i>	<i>Call Premium</i>	<i>Savings Required</i>	<i>Net PV Savings</i>
2001A	\$67,820,000	2028-2031	5.00%	10/1/2011	101%	1%	\$1.36 mm; 2.7% \$49.6 mm refunded
2002A	\$181,765,000	2013-2032	5.125%-5.75%	10/1/2012	100%	1%	\$11.9 mm; 6.5% \$181.8 mm refunded
2002D	\$86,735,000	2013-2032	5.00%-5.375%	10/1/2012	100%	1%	\$5.5 mm; 7.5% \$73.7 mm refunded

Advance Refunding Candidates – Non-AMT

The Series 2003B and 2004A Non-AMT Bonds may be advance refunded¹. The results below and required savings assume bonds are issued on July 3, 2012 (same as above). The Series 2003B Bonds have a debt service reserve requirement of maximum annual debt service. If the series is only partially refunded, the reserve fund implications could affect cashflow savings.

<i>Series</i>	<i>Callable Par</i>	<i>Callable Maturities</i>	<i>Range of Interest Rates</i>	<i>Call Date</i>	<i>Call Premium</i>	<i>Savings Required</i>	<i>Net PV Savings</i>
2003B	\$20,645,000	2014-2019	4.10% - 5.25%	10/1/2013	100%	2%	\$1.62 mm; 9.2% \$17.6 mm refunded
2004A	\$13,530,000	2015-2022	4.50% - 5.00%	10/1/2014	100%	3%	\$877,000; 6.5% \$13.49 mm refunded

Refunding Candidates – AMT

The Series 2003A 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.

<i>Series</i>	<i>Callable Par</i>	<i>Callable Maturities</i>	<i>Range of Interest Rates</i>	<i>Call Date</i>	<i>Call Premium</i>	<i>Savings Required</i>	<i>Net PV Savings</i>
2003A	\$149,030,000	2014-2033	4.25% - 5.50%	10/1/2013	100%	3-4%	\$2.94 mm; 5.4% \$54.7 mm refunded

¹ The Series 2005B, Series 2005D and Series 2006C 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 fixed-rate Bonds issued since 2009 (2009B, 2009C, 2010A) were current refundings but given the length of time to the call date are not viable refunding candidates.

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	\$64.825	0.08%
Bank of America	VRDO: 2009D Bonds***	\$132.505	0.10 – 0.15%
Barclays	VRDO: 2010C Bonds	\$165.695	0.08%
Wells Fargo	Index Floater: 2010D Bonds	\$167.392	None
Wells Fargo	Index Floater: 2011A Bonds	\$233.635	None
Citi	Index Floater: 2011B Bonds	\$207.640	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	\$64.825	27.0	N/A	March 12, 2013
Banc of America	Letter of Credit	2009 D VRDO	\$132.505	55.0**	N/A	July 2, 2013
Barclays Capital	Letter of Credit	2010 C VRDO	\$165.695	55.0	N/A	September 23, 2013
Wells Fargo	Index Floater	2010 D	\$167.392	75.0***	N/A	September 23, 2013
Wells Fargo	Index Floater	2011A	\$233.635	77.0***	N/A	September 21, 2016
Citi	Index Floater	2011B	\$207.640	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.

2011 Interest Rates (by quarter)

Quarter	2003 D-1 Wells ²	2002C BoA ³	2009A MS	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	0.405%	n.a.	n.a.	0.655%	0.661%	0.591%	0.608%	0.738%	n.a.	0.710%	1.465%	0.18%
Oct-11 – Dec-11	0.397%	n.a.	n.a.	0.673%	0.640%	0.609%	0.617%	0.808%	.0877%	0.846%	1.540%	0.13%
July-11 – Sept-11	0.391%	2.930%	1.041%	0.654%	0.686%	0.607%	0.597%	0.754%	n.a.	0.799%	1.498%	0.14%
Apr-11 – June-11	0.416%	1.100%	0.976%	0.651%	0.650%	0.597%	0.609%	0.708%	n.a.	0.836%	1.481%	0.19%
Jan-11 – Mar-11	0.414%	0.327%	0.973%	0.637%	0.692%	0.575%	0.603%	0.677%	n.a.	0.391%	1.331%	0.26%

2004 – 2010 Historical All-in Costs (annually)

Year	2003 D-1 GS	2003 D-2 MS ⁴	2002C UBS/ BoA	2009A MS	2009D1 BoA Weekly	2009D2 BoA Daily	CP 1 JPM	CP 2 ML (Tax.)	CP A/2 ML	CP A/2 MRB	SIFMA
2010	0.413%	n.a.	0.338%	1.109%	1.243%	1.307%	0.293%	0.462%	0.323%	n.a.	0.26%
2009	0.390%	2.291%	1.439%	n.a.	n.a.	n.a.	0.694%	1.659%	0.791%	n.a.	0.40%
2008	2.079%	1.207%	0.960%	n.a.	n.a.	n.a.	n.a.	1.470%	0.116%	n.a.	2.21%
2007	0.649%	0.603%	0.370%	n.a.	n.a.	n.a.	n.a.	1.989%	0.281%	0.321%	3.62%
2006	0.474%	0.426%	0.463%	n.a.	n.a.	n.a.	n.a.	n.a.	0.381%	n.a.	3.45%
2005	0.364%	0.398%	0.436%	n.a.	n.a.	n.a.	n.a.	n.a.	0.306%	n.a.	2.47%
2004	0.438%	0.415%	0.427%	n.a.	n.a.	n.a.	n.a.	n.a.	0.258%	0.339%	1.24%

² On April 16, 2009 Wells took over the remarketing of the 2003D-1 Bonds from Goldman Sachs.

³ Bank of America replaced UBS as Remarketing Agent in April 2008.

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. 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.

2011 Interest Rates (by quarter)

Quarter	2003 D-1 WA ⁵	2002C BoA ⁶	2009A MS	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	0.055%	n.a.	n.a.	0.005%	-0.039%	-0.039%	-0.022%	-0.012%	n.a.	0.073%	0.315%	0.18%
Oct-11–Dec-11	0.047%	n.a.	n.a.	0.023%	-0.060%	-0.021%	-0.013%	0.058%	0.107%	0.106%	0.390%	0.13%
July-11–Sept-11	0.041%	2.683%	0.091%	0.004%	-0.014%	-0.023%	-0.033%	0.004%	n.a.	0.059%	0.348%	0.14%
Apr-11–June-11	0.066%	0.854%	0.026%	0.001%	-0.050%	-0.033%	-0.021%	-0.042%	n.a.	0.096%	0.331%	0.19%
Jan-11–Mar-11	0.064%	0.080%	0.023%	-0.013%	-0.008%	-0.055%	-0.027%	-0.073%	n.a.	0.072%	0.181%	0.26%

October 2004-2010 Historical Interest Rates (by calendar year)

Year	2003 D-1 GS	2003 D-2 MS ⁷	2002C UBS/ BoA	2009A MS	2009D1 BoA Weekly	2009D2 BoA Daily	CP 1 JPM	CP 2 ML (Tax.)	CP A/2 ML	CP A/2 MRB	SIFMA
2010	0.063%	n.a.	0.092%	0.159%	-0.014%	-0.000%	0.073%	0.252%	0.113%	n.a.	0.26%
2009	0.040%	0.841%	1.193%	n.a.	n.a.	n.a.	0.474%	1.449%	0.581%	n.a.	0.40%
2008	1.673%	0.860%	0.713%	n.a.	n.a.	n.a.	n.a.	1.260%	-0.094%	n.a.	2.21%
2007	0.239%	0.193%	0.091%	n.a.	n.a.	n.a.	n.a.	1.739%	0.032%	0.072%	3.62%
2006	-0.026%	-0.074%	-0.026%	n.a.	n.a.	n.a.	n.a.	n.a.	-0.099%	n.a.	3.54%
2005	-0.046%	-0.012%	0.037%	n.a.	n.a.	n.a.	n.a.	n.a.	-0.084%	n.a.	2.47%
2004	0.028%	0.005%	0.040%	n.a.	n.a.	n.a.	n.a.	n.a.	-0.012%	0.069%	1.24%

⁵ On April 16, 2009 Wells took over the remarketing of the 2003D-1 Bonds from Goldman Sachs.

⁶ Bank of America replaced UBS as Remarketing Agent in April 2008.

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. 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)	Hedged Series	Current Termination Value ⁸	Fixed Rate
7/31/01	8/29/02	10/1/21	Bank of America	A2/A/A+	\$51.7	2011A-2	(\$9,396,000)	4.445%
6/15/06	10/1/09	10/1/39	JPMorgan Chase Bank of America	Aa1/A+/AA- A2/A/A+	\$184.0 <u>\$106.5</u> \$290.5	2011A-3 2009D 2010C2	(\$61,679,000) <u>(\$35,632,000)</u> (\$97,311,000)	4.099%
6/15/06	10/1/10	10/1/40	Wells Fargo	Aa3/AA-/AA-	\$167.4	2010D	(\$57,834,000)	4.112%
5/13/05	10/1/11	10/1/39	Wells Fargo	Aa3/AA-/AA-	\$125.0	2011A-1	(\$35,974,000)	3.862%
Aggregate Swaps					\$634.6		(\$200,515,000)	

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	\$55.5	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%	5.107%
10/1/10	\$170	2010D (Indexed Floaters)	4.112%	4.862%
10/1/11	\$125	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.

⁸ Amounts as of December 31, 2011; 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 1-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 1-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 ⁹	72% 1-month LIBOR	Average All-In Aggregate Interest Rate ¹⁰	Average Fixed Swap Rate	Effective Interest Rate ¹¹	All-In Effective Rate to Date
12/1/11 - 1/1/12	0.28%	0.20%	0.74%	4.099%	4.641%	5.107%
11/1/11 - 12/1/11	0.25%	0.18%	0.77%	4.099%	4.687%	5.125%
10/1/11 - 11/1/11	0.24%	0.17%	0.79%	4.099%	4.718%	5.142%
9/1/11 - 10/1/11	0.23%	0.17%	0.89%	4.099%	4.824%	5.160%
8/1/11 - 9/1/11	0.21%	0.15%	0.90%	4.099%	4.851%	5.175%
7/1/11 - 8/1/11	0.20%	0.14%	0.79%	4.099%	4.743%	5.189%
6/1/11 - 7/1/11	0.20%	0.14%	0.82%	4.099%	4.770%	5.211%
5/1/11 - 6/1/11	0.20%	0.14%	0.90%	4.099%	4.857%	5.233%
4/1/11 - 5/1/11	0.22%	0.16%	0.95%	4.099%	4.890%	5.252%
3/1/11 - 4/1/11	0.26%	0.19%	0.95%	4.099%	4.857%	5.272%
2/1/11 - 3/1/11	0.26%	0.19%	0.98%	4.099%	4.887%	5.297%
1/1/11 - 2/1/11	0.26%	0.19%	0.96%	4.099%	4.876%	5.323%
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%

⁹ 1-month LIBOR is weighted average of weekly 1-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.

¹⁰ 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-in interest rate including bank facility costs.

¹¹ 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.