

**NOVEMBER 2019**  
**FINANCIAL ADVISOR REPORT – THE AVIATION ENTERPRISE**

**INTRODUCTION**

The Finance Committee has requested that the Financial Advisor provide a monthly report on the status of the financing of the Capital Construction Program (CCP) and any related issues concerning the Metropolitan Washington Airports Authority's (Airports Authority) 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. Series 2020 Bond Transaction
- III. Informational Items
  - A. Information on the Aviation Bond Transaction
- IV. Monthly Update
  - A. CCP: Actuals vs. Projections
  - B. Short-term Liquidity Forecast
  - C. Variable Rate Programs
  - D. Swaps – Monthly Swap Performance

Exhibits

- A. Airports Authority's CCP
- 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 Swaps

## I. EXECUTIVE SUMMARY

### Action Items

- ***Series 2020 Bond Transaction.*** Under a separate agenda item, the finance team will present to the Finance Committee and the Board the authorizing resolution for the issuance of an amount not to exceed \$950 million for the Series 2020 Airport System Revenue Refunding Bonds. The Series 2020 financing is expected to include the issuance of bonds to refund the outstanding Series 2010 Bonds for savings and potentially unwind a portion or all swap portfolio depending on market conditions.

### Informational Items

- ***Information on the Airport System Revenue Refunding Bond Transaction.*** For the Committee's information only, separate slides are provided on the Aviation bond transaction.

## II. ACTION ITEMS

### *(II.A) Series 2020 Bond Transaction*

The Series 2020 financing is expected to include the issuance of bonds to refund approximately \$417 million of outstanding Series 2010A, Series 2010B and Series 2010F-1 Bonds for savings and potentially unwind a portion or all swap portfolio depending on market conditions. Under a separate agenda item, the finance team will request the Finance Committee to approve and recommend to the Board of Directors the adoption of the proposed authorizing resolution for the issuance of the Bonds, approval of the substantially final documents and delegation of authority for the final terms and pricing of the bonds.

### **III. INFORMATIONAL ITEMS**

#### ***(III.A) Information on the Airport System Revenue Refunding Bond Transaction***

For the Committee's information only, separate slides are provided on the Aviation bond transaction.

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#### IV. MONTHLY UPDATES

##### (IV.A) CCP: Actuals vs. Projections

**Exhibit A** sets forth the major CCP projects underway at the Airports Authority, as well as historical CCP actual versus projected expenditures. The CCP expenditures for 2019 are budgeted at \$466.5 million including construction and capitalized interest costs. Expenditures in September 2019 totaled \$15.7 million.

| 2019 CCP Projections vs. Actuals<br>(\$ millions) |                                  |                                |                 |                     |
|---|----------------------------------|--------------------------------|-----------------|---------------------|
|   | <i>General Ledger<br/>Actual</i> | <i>Original<br/>Projection</i> | <i>Variance</i> | <i>Variance (%)</i> |
| Jan 2019  | \$16.00                          | \$22.66                        | (\$6.66)        | (29.4%)             |
| Feb 2019  | 12.70                            | 22.66                          | (9.96)          | (43.9%)             |
| Mar 2019  | 12.30                            | 22.66                          | (10.36)         | (45.7%)             |
| Apr 2019  | 28.30                            | 48.80                          | (20.50)         | (42.0%)             |
| May 2019  | 16.50                            | 48.80                          | (32.30)         | (66.2%)             |
| Jun 2019  | 15.10                            | 48.80                          | (33.70)         | (69.1%)             |
| Jul 2019  | 19.40                            | 48.67                          | (29.27)         | (60.1%)             |
| Aug 2019  | 15.50                            | 48.67                          | (33.17)         | (68.2%)             |
| Sep 2019  | 15.70                            | 48.67                          | (32.97)         | (67.7%)             |
| Oct 2019  | 20.90                            | 35.35                          | (14.45)         | (40.9%)             |
| 2019 Totals<br>(Thru October)                     | \$172.40                         | \$395.75                       | (\$223.35)      | (56.4%)             |

**(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.*

At the beginning of November 2019, the Airports Authority had \$518.0 million of cash-on-hand<sup>1</sup> and \$200 million of additional available liquidity in the form of undrawn CP Series Two capacity.

| <b>Short-Term Liquidity Forecast (\$ millions)</b> |                       |                                       |             |               |                               |
|--|-----------------------|---------------------------------------|-------------|---------------|-------------------------------|
| <b>Beginning of Month</b>                          | <b>Cash Available</b> | <b>CP Available to Draw (End Bal)</b> | <b>PFCs</b> | <b>Grants</b> | <b>Projected Expenditures</b> |
| Nov 2019   | 518.01                | 200.00                                | 3.75        | 2.38          | 35.35                         |
| Dec 2019   | 488.79                | 200.00                                | 3.75        | 2.38          | 35.35                         |



<sup>1</sup> Cash-on-hand includes proceeds of the Series 2018A and Series 2019A Bonds, and Funds 63 and 64.

#### **(IV.C) Variable Rate Programs**

In addition to approximately \$700.2 million of outstanding variable rate debt, the Airports Authority can issue up to \$200 million of CP Two Notes which are currently “on-the-shelf.”

Outstanding unhedged variable rate debt of \$202.9 million represents approximately 4.6 percent of the Airports Authority’s \$4.4 billion of outstanding indebtedness.

#### *Gross Variable Rate Exposure*

| <b>Fixed Rate Debt Percentage:</b>    |                      |                        |               |
|---------------------------------------|----------------------|------------------------|---------------|
| Fixed Rate Debt                       | \$3,727,585,000      |                        |               |
| 2009D VRDOs (Hedged)                  | 110,465,000          |                        |               |
| 2010C2 VRDOs (Hedged)                 | 87,905,000           |                        |               |
| 2010D Index Floater (Hedged)          | 141,380,000          |                        |               |
| 2011A VRDOs (Hedged)                  | 157,600,000          |                        |               |
|                                       | <b>Fixed Rate</b>    | <b>\$4,224,935,000</b> | <b>95.4%</b>  |
| <b>Variable Rate Debt Percentage:</b> |                      |                        |               |
| 2003D VRDOs                           | 49,300,000           |                        |               |
| 2010C1 VRDOs                          | 49,350,000           |                        |               |
| 2011B Index Floater                   | 104,245,000          |                        |               |
| CP Notes                              | 0                    |                        |               |
|                                       | <b>Variable Rate</b> | <b>\$202,895,000</b>   | <b>4.6%</b>   |
| <b>Combined Total</b>                 |                      | <b>\$4,427,830,000</b> | <b>100.0%</b> |

The Airports Authority’s current cash balances of \$1,039.3 million in short-term investments can be netted against variable rate debt exposure to produce a net variable rate exposure. Currently, unrestricted cash balances exceed the amount of unhedged short-term debt.

**Exhibit C-2** illustrates the current year rolling three-month average spreads to 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 4.445 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 which refunded the Series 2002C Bonds in full. On October 1, 2015, the Series 2011A-2 was converted from Index Floaters to Variable Rate Demand Obligations (VRDOs). **Exhibit D-2** provides the historical monthly cash flow of the 2002 swaps associated with the hedged VRDOs.

**2009 Swaps:** Under the terms of the swap agreements, the Airports Authority pays to the counterparties an average fixed rate of 4.099 percent on the outstanding notional amount

of the swap. In return, the Airports Authority receives from the counterparties 72 percent of one-month LIBOR based upon the outstanding notional amount of its respective swaps. The 2009 Swap originally hedged the Series 2009A Bonds and 2009D Bonds. The Series 2009A Bonds 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, 2009D and 2010C2 VRDOs. On October 1, 2015, the Series 2011A-3 Bonds were converted from Index Floaters to VRDOs. **Exhibit D-2** provides the historical monthly cash flow of the 2009 Swaps associated with the hedged VRDOs.

**2010 Swap:** Under the terms of the swap agreement, the Airports Authority pays to the counterparty a fixed rate of 4.112 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 Index Floaters. **Exhibit D-2** provides the historical monthly cash flow of the 2010 Swap associated with the hedged Index Floaters.

**2011 Swap:** Under the terms of the swap agreement, the Airports Authority pays to the counterparty a fixed rate of 3.862 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 Bonds. On October 1, 2015, the Series 2011A-1 Bonds were converted from Index Floaters to VRDOs. **Exhibit D-2** provides the historical monthly cash flow of the 2011 Swap associated with the hedged VRDOs.



**Exhibit A**  
**Airports Authority's CCP**

Major projects under construction at Reagan National include:

- New Concourse Enabling Projects
- New Concourse
- Sanitary Sewer Main Reconstruction – Terminal C to North Pump Station
- Terminal C Bag Room Renovations
- Secure National Hall
- Secure National Hall Enabling Projects
- Hold Bay 4 Reconstruction and Reconfiguration
- Central Utility Plant Modifications, Phase 2
- Airfield Electrical Vault Relocation

Major projects under construction at Dulles International include:

- Parking Access and Revenue Control System (PARCS)
- Concourse C/D Skylights, Roof Top Unit and Boiler Replacements
- Taxilane B Reconstruction and Widening, Middle Section
- Concourse C/D Lounge Shell Construction
- Main Terminal Baggage Basement Improvements
- Concourse C/D Hydrant Fueling and Pavement Rehabilitation

**Historical CCP Projections vs. Actuals (\$ millions)**

|                          | <i>General Ledger<br/>Actual</i> | <i>Projection<sup>2</sup></i> | <i>Variance</i> | <i>Variance (%)</i> |
|--------------------------|----------------------------------|-------------------------------|-----------------|---------------------|
| 2005 Totals <sup>3</sup> | \$555.8                          | \$574.4                       | (\$18.6)        | (3.2%)              |
| 2006 Totals              | \$672.2                          | \$713.2                       | (\$41.0)        | (5.7%)              |
| 2007 Totals              | \$719.4                          | \$689.7                       | \$29.7          | 4.3%                |
| 2008 Totals              | \$537.7                          | \$672.8                       | (\$135.1)       | (20.1%)             |
| 2009 Totals              | \$349.8                          | \$474.2                       | (\$124.3)       | (26.2%)             |
| 2010 Totals              | \$220.2                          | \$327.3                       | (\$107.1)       | (32.7%)             |
| 2011 Totals              | \$167.4                          | \$299.4                       | (\$131.9)       | (44.1%)             |
| 2012 Totals              | \$118.8                          | \$274.6                       | (\$155.8)       | (56.7%)             |
| 2013 Totals              | \$152.3                          | \$235.9                       | (\$83.6)        | (35.4%)             |
| 2014 Totals              | \$113.0                          | \$209.5                       | (\$96.5)        | (46.1%)             |
| 2015 Totals              | \$83.3                           | \$248.8                       | (\$165.5)       | (66.5%)             |
| 2016 Totals              | \$66.3                           | \$193.6                       | (\$127.3)       | (65.8%)             |
| 2017 Totals              | \$104.8                          | \$356.7                       | (\$251.9)       | (70.6%)             |
| 2018 Totals              | \$157.8                          | \$342.7                       | (\$184.9)       | (53.9%)             |

<sup>2</sup> Historical projections for 2003 do not reflect periodic revisions. 2003: The last revision for 2003 projected a total of \$287.5 million.

<sup>3</sup> Projection reflects December 2005 budget amendment.

## Exhibit B-1

### Airport System Revenue Bonds

### Summary of Bonds Outstanding

Security: General Airport Revenue Bonds ("GARBs") are secured by the pledge of Net Airport Revenues  
 Lien: Senior  
 Ratings: Moody's Aa3 (Stable)  
 S&P AA- (Stable)  
 Fitch AA- (Stable)

| Series       | Date     | Original<br>Par Amount | Current<br>Par Amount | Tax Status             | Coupon   | Credit<br>Enhancement      | Purpose                      |
|--------------|----------|------------------------|-----------------------|------------------------|----------|----------------------------|------------------------------|
| 2003D        | 10/01/03 | 150,000,000            | 49,300,000            | AMT                    | Variable | TD LOC                     | New Money                    |
| 2009D*       | 07/02/09 | 136,825,000            | 110,465,000           | Non-AMT                | Variable | TD LOC                     | Refund PFC Notes             |
| 2010A        | 07/28/10 | 348,400,000            | 294,155,000           | Non-AMT                | Fixed    | None                       | New Money/OMP                |
| 2010B        | 07/28/10 | 229,005,000            | 106,785,000           | AMT                    | Fixed    | None                       | Current Refunding            |
| 2010C**      | 09/22/10 | 170,000,000            | 137,255,000           | C1 (AMT), C2 (Non-AMT) | Variable | Sumitomo LOC               | Current Refunding            |
| 2010D*       | 09/22/10 | 170,000,000            | 141,380,000           | Non-AMT                | Variable | Wells Fargo Index Floaters | New Money/Current Refunding  |
| 2010F-1      | 11/17/10 | 61,820,000             | 61,820,000            | Non-AMT                | Fixed    | None                       | OMP                          |
| 2011A*       | 09/21/11 | 233,635,000            | 157,600,000           | AMT                    | Variable | Sumitomo LOC               | New Money/Current Refunding  |
| 2011B        | 09/21/11 | 207,640,000            | 104,245,000           | AMT                    | Variable | U.S. Bank Index Floaters   | New Money/Current Refunding  |
| 2011C        | 09/29/11 | 185,390,000            | 121,390,000           | AMT                    | Fixed    | None                       | Current Refunding            |
| 2011D        | 09/29/11 | 10,385,000             | 7,130,000             | Non-AMT                | Fixed    | None                       | Current Refunding            |
| 2012A        | 07/03/12 | 291,035,000            | 255,950,000           | AMT                    | Fixed    | None                       | Current Refunding            |
| 2013A        | 07/11/13 | 207,205,000            | 195,660,000           | AMT                    | Fixed    | None                       | New Money/Current Refunding  |
| 2013B        | 07/11/13 | 27,405,000             | 13,485,000            | Taxable                | Fixed    | None                       | Current Refunding            |
| 2013C        | 07/11/13 | 11,005,000             | 11,005,000            | Non-AMT                | Fixed    | None                       | Advance Refunding            |
| 2014A        | 07/03/14 | 539,250,000            | 429,740,000           | AMT                    | Fixed    | None                       | Current Refunding            |
| 2015A        | 01/29/15 | 163,780,000            | 163,780,000           | AMT                    | Fixed    | None                       | Refunding/Call Extension     |
| 2015B        | 07/15/15 | 279,235,000            | 249,925,000           | AMT                    | Fixed    | None                       | New Money/Current Refunding  |
| 2015C        | 07/15/15 | 35,975,000             | 25,205,000            | Non-AMT                | Fixed    | None                       | Current Refunding/CP Takeout |
| 2016A        | 07/07/16 | 362,655,000            | 362,655,000           | AMT                    | Fixed    | None                       | Current Refunding            |
| 2016B        | 07/07/16 | 23,370,000             | 23,370,000            | Non-AMT                | Fixed    | None                       | Current Refunding            |
| 2017A        | 07/07/17 | 522,135,000            | 464,600,000           | AMT                    | Fixed    | None                       | New Money/Current Refunding  |
| 2018A        | 07/03/18 | 558,430,000            | 552,910,000           | AMT                    | Fixed    | None                       | New Money/Current Refunding  |
| 2019A        | 07/03/19 | 287,930,000            | 287,930,000           | AMT                    | Fixed    | None                       | New Money/Current Refunding  |
| 2019B        | 07/03/19 | 100,090,000            | 100,090,000           | Non-AMT                | Fixed    | None                       | Current Refunding            |
| <b>Total</b> |          | <b>5,312,600,000</b>   | <b>4,427,830,000</b>  |                        |          |                            |                              |

\* All of the Series 2009D, 2010D and 2011A are subject to a floating-to-fixed rate swap.

\*\* \$87.9 million of the Series 2010C is subject to a floating-to-fixed rate swap.

| As % of Total Portfolio |            |
|-------------------------|------------|
| Insurer                 | Percentage |
| Insured                 | 0.0%       |
| Uninsured               | 100.0%     |

| Average Fixed Rate Debt |
|-------------------------|
| 3.87%                   |

**Exhibit B-2**  
**Airport System Revenue Bonds**  
**Refunding Monitor**

**Refunding Candidates – Governmental Purpose**

There are no Governmental Purpose refunding candidates at this time.

**Refunding Candidates – Private Activity**

There are no current refunding opportunities at this time.

The Series 2010A, Series 2010B and Series 2010F-1 bonds may not be advance refunded with tax-exempt bonds. The table below shows the results of a forward delivery tax-exempt refunding assuming current interest rates.

| <i>Series</i>                         | <i>Callable Par/<br/>Maturities</i>    | <i>Range of<br/>Interest Rates</i> | <i>Call Date</i> | <i>Call<br/>Premium</i> | <i>Net PV<br/>Savings</i> |
|---------------------------------------|--|------------------------------------|------------------|-------------------------|---------------------------|
| 2010A<br>Non-AMT<br>PAB*              | \$287,105,000<br>( '21-'39)            | 4.00%-5.00%                        | 10/01/20         | 0%<br>(at par)          | \$45.0 mm<br>15.7%        |
| Series<br>2010B<br>AMT                | \$97,760,000<br>( '21-'27)             | 5.00%                              | 10/01/20         | 0%<br>(at par)          | \$9.5 mm<br>9.7%          |
| Series<br>2010F-1<br>Non-AMT<br>PAB** | \$31,900,000<br>( '24,'26,'30-<br>'31) | 4.375%-5.00%                       | 10/01/20         | 0%<br>(at par)          | \$5.5 mm<br>17.1%         |

\*Refunding of 2010A Bonds are assumed to be 70 percent/30 percent AMT/Non-AMT

\*\*Refunding of 2010F-1 Bonds are assumed to be 100 percent AMT

**Refunding Candidates – Taxable**

There are no taxable refunding candidates at this time.<sup>4</sup>

Below are the refunding guidelines previously accepted by the Board:

| <b>Time Between Call Date and Issuance of Refunding Bonds</b> | <b>Traditional Financing Products<br/>Minimum Present Value (PV)<br/>Percent Savings</b> | <b>Non-Traditional Financing Products<br/>Minimum PV Percent Savings</b> |
|---|--|--|
| 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%   |

<sup>4</sup> The Series 2013B Bonds are taxable and advance refundable. However, the Series 2013B Bonds can only be called prior to maturity with a make whole call provision.

**Exhibit C-1  
Variable Rate Programs  
Overview**

**Summary of Dealers, Credit Enhancement and Bank Facilities**

***Details of Dealers***

| <i>Dealer</i>             | <i>Program/<br/>Series</i>        | <i>Amount<br/>(\$ MM)</i>  | <i>Remarketing<br/>Fees</i> |
|---------------------------|-----------------------------------|----------------------------|-----------------------------|
| <i>BofA Merrill Lynch</i> | <i>CP: Series Two*</i>            | <i>Up to<br/>\$200.000</i> | <i>0.05%</i>                |
| <i>TD</i>                 | <i>VRDO: 2003D1 Bonds</i>         | <i>\$49.300</i>            | <i>0.05%</i>                |
| <i>BofA Merrill Lynch</i> | <i>VRDO: 2009D Bonds**</i>        | <i>\$110.465</i>           | <i>0.06–0.08%</i>           |
| <i>Barclays</i>           | <i>VRDO: 2010C Bonds</i>          | <i>\$137.255</i>           | <i>0.06%</i>                |
| <i>Wells Fargo</i>        | <i>Index Floater: 2010D Bonds</i> | <i>\$141.380</i>           | <i>None</i>                 |
| <i>RBC</i>                | <i>VRDO: 2011A Bonds</i>          | <i>\$157.600</i>           | <i>0.05%</i>                |
| <i>U.S. Bank</i>          | <i>Index Floater: 2011B Bonds</i> | <i>\$104.245</i>           | <i>None</i>                 |

*\*The CP Series One has been suspended and the CP Series Two is authorized to be issued up to \$200 million effective March 6, 2014.*

*\*\*The Series 2009D Bonds in a daily mode have a 0.08 percent remarketing fee and those bonds in a weekly mode have a 0.06 percent remarketing fee.*

***Details of Facilities***

| <i>Bank Provider</i> | <i>Facility</i>      | <i>Program/<br/>Series</i> | <i>Amount<br/>(\$ MM)</i> | <i>Fee/<br/>Spread<br/>(bps)</i> | <i>Expiration Date</i>    |
|----------------------|----------------------|----------------------------|---------------------------|----------------------------------|---------------------------|
| <i>ICBC</i>          | <i>LOC</i>           | <i>CP: Series Two</i>      | <i>\$200.000</i>          | <i>17.0</i>                      | <i>February 25, 2022</i>  |
| <i>TD Bank</i>       | <i>LOC</i>           | <i>2003D1</i>              | <i>\$49.300</i>           | <i>26.0</i>                      | <i>October 4, 2022</i>    |
| <i>TD Bank</i>       | <i>LOC</i>           | <i>2009D</i>               | <i>\$110.465</i>          | <i>35.0</i>                      | <i>February 28, 2021</i>  |
| <i>Sumitomo</i>      | <i>LOC</i>           | <i>2010C</i>               | <i>\$137.255</i>          | <i>34.0</i>                      | <i>September 21, 2020</i> |
| <i>Wells Fargo</i>   | <i>Index Floater</i> | <i>2010D</i>               | <i>\$141.380</i>          | <i>37.0*</i>                     | <i>September 22, 2020</i> |
| <i>Sumitomo</i>      | <i>LOC</i>           | <i>2011A</i>               | <i>\$157.600</i>          | <i>30.0</i>                      | <i>October 4, 2022</i>    |
| <i>U.S. Bank</i>     | <i>Index Floater</i> | <i>2011B</i>               | <i>\$104.245</i>          | <i>36.0*</i>                     | <i>September 23, 2020</i> |

*\*Fixed spread to 80 percent of LIBOR 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 spreads to SIFMA including credit and remarketing fees.

**2019 Interest Rates (quarterly)**

| Quarter                     | 2003D1<br>TD<br>Weekly <sup>5</sup> | 2009D1<br>BofA<br>Weekly | 2009D2<br>BofA<br>Daily | 2010C1<br>Barclays<br>Weekly <sup>6</sup> | 2010C2<br>Barclays<br>Weekly | 2010D<br>Wells<br>Index | 2011A<br>RBC<br>Weekly <sup>7</sup> | 2011B<br>US Bank<br>Index | CP 2<br>BofA <sup>8</sup> | SIFMA  |
|-----------------------------|-------------------------------------|--------------------------|-------------------------|---|------------------------------|-------------------------|-------------------------------------|---------------------------|---------------------------|--------|
| 12-month<br>Rolling Average | 0.344%                              | 0.430%                   | 0.390%                  | 0.432%                                    | 0.379%                       | 0.702%                  | 0.389%                              | 0.713%                    | --                        | 1.540% |
| Jan 19 – Mar 19             | 0.335%                              | 0.452%                   | 0.261%                  | 0.431%                                    | 0.374%                       | 0.824%                  | 0.389%                              | 0.817%                    | --                        | 1.545% |
| Apr 19 – Jun 19             | 0.348%                              | 0.411%                   | 0.459%                  | 0.439%                                    | 0.385%                       | 0.639%                  | 0.393%                              | 0.653%                    | --                        | 1.689% |
| Jul 19 – Sep 19             | 0.352%                              | 0.434%                   | 0.429%                  | 0.429%                                    | 0.380%                       | 0.754%                  | 0.387%                              | 0.787%                    | --                        | 1.375% |
| Aug 19 – Oct 19             | 0.351%                              | 0.428%                   | 0.431%                  | 0.440%                                    | 0.385%                       | 0.654%                  | 0.383%                              | 0.702%                    | --                        | 1.363% |

**Historical Interest Rates (annually)**

| Year | 2003D1 | 2009D1 | 2009D2 | 2010C1 | 2010C2 | 2010D  | 2011A  | 2011B  | CP 2   | SIFMA |
|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|
| 2018 | 0.495% | 0.396% | 0.359% | 0.418% | 0.383% | 0.580% | 0.363% | 0.566% | --     | 1.41% |
| 2017 | 0.245% | 0.401% | 0.379% | 0.415% | 0.404% | 0.270% | 0.357% | 0.270% | --     | 0.84% |
| 2016 | 0.245% | 0.431% | 0.401% | 0.408% | 0.401% | 0.264% | 0.343% | 0.258% | --     | 0.41% |
| 2015 | 0.708% | 0.685% | 0.700% | 0.688% | 0.680% | 0.434% | 0.773% | 0.429% | --     | 0.03% |
| 2014 | 0.761% | 0.684% | 0.703% | 0.783% | 0.780% | 0.621% | 0.881% | 0.666% | 0.597% | 0.05% |
| 2013 | 0.724% | 0.662% | 0.676% | 0.707% | 0.709% | 0.696% | 0.866% | 0.749% | 1.347% | 0.09% |
| 2012 | 0.415% | 0.671% | 0.682% | 0.624% | 0.629% | 0.754% | 0.828% | --     | 1.339% | 0.16% |
| 2011 | 0.405% | 0.648% | 0.668% | 0.599% | 0.606% | 0.745% | --     | --     | 1.468% | 0.17% |
| 2010 | 0.413% | 1.243% | 1.307% | --     | --     | --     | --     | --     | 0.323% | 0.26% |
| 2009 | 0.390% | --     | --     | --     | --     | --     | --     | --     | 0.791% | 0.40% |
| 2008 | 2.079% | --     | --     | --     | --     | --     | --     | --     | 0.116% | 2.21% |
| 2007 | 0.649% | --     | --     | --     | --     | --     | --     | --     | 0.281% | 3.62% |
| 2006 | 0.474% | --     | --     | --     | --     | --     | --     | --     | 0.381% | 3.45% |
| 2005 | 0.364% | --     | --     | --     | --     | --     | --     | --     | 0.306% | 2.47% |
| 2004 | 0.438% | --     | --     | --     | --     | --     | --     | --     | 0.258% | 1.24% |

<sup>5</sup> On October 1, 2018, the 2003D-1 Bonds were converted from Wells Fargo Index Floaters to weekly VRDOs remarketed by TD Securities. On October 1, 2015, Wells Fargo purchased the 2003D-1 Bonds as Index Floaters. On December 18, 2012, Bank of America purchased the 2003D-1 Bonds as Index Floaters. On April 16, 2009, Wells Fargo took over the remarketing of the 2003D-1 Bonds from Goldman Sachs.

<sup>6</sup> On September 22, 2015, the 2010C1 was converted from 2-day to weekly VRDOs.

<sup>7</sup> On October 1, 2015, the 2011A was converted from Wells Fargo Index Floaters to weekly VRDOs remarketed by RBC Capital Markets.

<sup>8</sup> On July 15, 2015, the Commercial Paper Series Two was refunded in its entirety.

The following tables illustrate (i) rolling three-month average spreads to SIFMA, and (ii) rolling 12-month average spreads to SIFMA excluding credit and remarketing fees.

**2019 Interest Rates (quarterly)**

| Quarter                     | 2003D1<br>TD<br>Week <sup>9</sup> | 2009D1<br>BofA<br>Weekly | 2009D2<br>BofA<br>Daily | 2010C1<br>Barclays<br>Week <sup>10</sup> | 2010C2<br>Barclays<br>Weekly | 2010D<br>Wells<br>Index | 2011A<br>RBC<br>Week <sup>11</sup> | 2011B<br>US Bank<br>Index | CP 2<br>BofA <sup>12</sup> | SIFMA  |
|-----------------------------|-----------------------------------|--------------------------|-------------------------|--|------------------------------|-------------------------|------------------------------------|---------------------------|----------------------------|--------|
| 12-month<br>Rolling Average | 0.034%                            | 0.020%                   | -0.040%                 | 0.032%                                   | -0.021%                      | 0.332%                  | 0.039%                             | 0.353%                    | --                         | 1.540% |
| Jan 19 – Mar 19             | 0.025%                            | 0.042%                   | -0.169%                 | 0.031%                                   | -0.026%                      | 0.454%                  | 0.039%                             | 0.457%                    | --                         | 1.545% |
| Apr 19 – Jun 19             | 0.038%                            | 0.001%                   | 0.029%                  | 0.039%                                   | -0.015%                      | 0.269%                  | 0.043%                             | 0.293%                    | --                         | 1.689% |
| Jul 19 – Sep 19             | 0.042%                            | 0.024%                   | -0.001%                 | 0.029%                                   | -0.020%                      | 0.384%                  | 0.037%                             | 0.427%                    | --                         | 1.375% |
| Aug 19 – Oct 19             | 0.041%                            | 0.018%                   | 0.001%                  | 0.040%                                   | -0.015%                      | 0.284%                  | 0.033%                             | 0.342%                    | --                         | 1.363% |

**Historical Interest Rates (annually)**

| Year | 2003D1  | 2009D1  | 2009D2  | 2010C1  | 2010C2  | 2010D   | 2011A  | 2011B   | CP 2    | SIFMA |
|------|---------|---------|---------|---------|---------|---------|--------|---------|---------|-------|
| 2018 | 0.132%  | -0.014% | -0.071% | 0.018%  | -0.017% | 0.210%  | 0.028% | 0.206%  | --      | 1.41% |
| 2017 | -0.070% | -0.009% | -0.051% | 0.015%  | 0.004%  | -0.048% | 0.027% | -0.046% | --      | 0.84% |
| 2016 | -0.069% | -0.002% | -0.032% | 0.009%  | 0.002%  | -0.060% | 0.014% | -0.061% | --      | 0.41% |
| 2015 | 0.102%  | -0.005% | -0.010% | 0.012%  | 0.005%  | 0.109%  | 0.072% | 0.109%  | --      | 0.03% |
| 2014 | 0.061%  | -0.006% | -0.007% | 0.003%  | 0.000%  | 0.060%  | 0.061% | 0.019%  | 0.040%  | 0.05% |
| 2013 | 0.047%  | -0.004% | -0.010% | -0.003% | -0.001% | 0.046%  | 0.046% | -0.001% | 0.144%  | 0.09% |
| 2012 | 0.054%  | 0.021%  | -0.017% | -0.007% | -0.001% | 0.007%  | 0.008% | --      | 0.189%  | 0.16% |
| 2011 | 0.055%  | 0.004%  | -0.033% | -0.033% | -0.024% | -0.013% | --     | --      | 0.315%  | 0.17% |
| 2010 | 0.063%  | -0.014% | -0.000% | --      | --      | --      | --     | --      | 0.113%  | 0.26% |
| 2009 | 0.040%  | --      | --      | --      | --      | --      | --     | --      | 0.581%  | 0.40% |
| 2008 | 1.673%  | --      | --      | --      | --      | --      | --     | --      | -0.094% | 2.21% |
| 2007 | 0.239%  | --      | --      | --      | --      | --      | --     | --      | 0.032%  | 3.62% |
| 2006 | -0.026% | --      | --      | --      | --      | --      | --     | --      | -0.099% | 3.54% |
| 2005 | -0.046% | --      | --      | --      | --      | --      | --     | --      | -0.084% | 2.47% |
| 2004 | 0.028%  | --      | --      | --      | --      | --      | --     | --      | -0.012% | 1.24% |

<sup>9</sup> On October 1, 2018, the 2003D-1 Bonds were converted from Wells Fargo Index Floaters to weekly VRDOs remarketed by TD Securities. On October 1, 2015, Wells Fargo purchased the 2003D-1 Bonds as Index Floaters. On December 18, 2012, Bank of America purchased the 2003D-1 Bonds as Index Floaters. On April 16, 2009, Wells Fargo took over the remarketing of the 2003D-1 Bonds from Goldman Sachs.

<sup>10</sup> On September 22, 2015, the 2010C1 was converted from 2-day to weekly VRDOs.

<sup>11</sup> On October 1, 2015, the 2011A was converted from Wells Fargo Index Floaters to weekly VRDOs remarketed by RBC Capital Markets.

<sup>12</sup> On July 15, 2015, the Commercial Paper Series Two was refunded in its entirety.

**Exhibit D-1**  
**Swap Program**  
**Airports Authority Swap Profile**

The table below summarizes the Airports Authority’s current swap portfolio. All of the Airports Authority’s swaps require payment of a fixed rate by the Airports Authority to the counterparty and the receipt of a variable rate by the Airports Authority based upon 72 percent of LIBOR.

| Trade Date             | Effective Date | Termination Date (“final maturity”) | Swap Providers                    | Ratings<br>Moody’s/S&P/<br>Fitch | Outstanding<br>Notional<br>Amount<br>(\$ millions) | Hedged<br>Series           | Current<br>Termination<br>Value<br>(\$ millions) <sup>13</sup> | Fixed<br>Rate |
|------------------------|----------------|-------------------------------------|-----------------------------------|----------------------------------|--|----------------------------|--|---------------|
| 07/31/01               | 08/29/02       | 10/01/21                            | Bank of America                   | Aa2/A+/AA-                       | \$12.5   | 2011A-2                    | (\$0.6)  | 4.445%        |
| 06/15/06               | 10/01/09       | 10/01/39                            | JPMorgan Chase<br>Bank of America | Aa2/A+/AA<br>Aa2/A+/AA-          | \$153.4<br><u>\$88.8</u><br>\$242.2                | 2011A-3<br>2009D<br>2010C2 | (\$49.8)<br><u>(\$28.8)</u><br>(\$78.6)                        | 4.099%        |
| 06/15/06               | 10/01/10       | 10/01/40                            | Wells Fargo                       | Aa2/A+/AA-                       | \$141.4  | 2010D                      | (\$48.2)   | 4.112%        |
| 09/12/07               | 10/01/11       | 10/01/39                            | Wells Fargo                       | Aa2/A+/AA-                       | <u>\$101.3</u>                                     | 2011A-1                    | <u>(\$27.4)</u>  | 3.862%        |
| <b>Aggregate Swaps</b> |                |                                     |                                   |                                  | \$497.4  |                            | (\$154.8)  |               |

<sup>13</sup> Amounts as of October 31, 2019; 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**  
**Swap Program**  
**Swap Effective Interest Rate to-date and Monthly Performance**

**2002 Swap:** The Airports Authority's 2002 Swap is a fixed-payor interest rate swap. Under the 2002 Swap, (a) the Airports Authority pays a fixed rate of interest, 4.445 percent, to the swap counterparty; and (b) the swap counterparty pays the Airports Authority a variable rate of interest equal to 72 percent of one-month LIBOR. The variable rate received from the counterparty is designed to closely correlate to 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 July 31, 2001, and became effective August 29, 2002. The 2002 Swap counterparty is Bank of America. The 2002 Swap hedges the 2011A-2. The swap previously hedged the Series 2002C Bonds until these bonds were refunded by the 2011A-2 Bonds. On October 1, 2015, the Series 2011A-2 was converted from Index Floaters to VRDOs.

**2009 Swap:** 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 of interest, 4.099 percent, to the swap counterparty; and (b) the swap counterparty pays the Airports Authority a variable rate of interest equal to 72 percent of one-month LIBOR, thereby creating synthetic fixed rate debt. The Swap Agreement was dated June 15, 2006, and became effective on 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 2009 Swap hedges the Series 2011A-3 Bonds, 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 Bonds. On October 1, 2015, the Series 2011A-3 was converted from Index Floaters to VRDOs.

**2010 Swap:** The Airports Authority's 2010 Swap is a fixed-payor interest rate swap. Under the 2009 Swap: (a) the Airports Authority pays a fixed rate of interest, 4.112 percent, to the swap counterparty; and (b) the swap counterparty pays the Airports Authority a variable rate of interest equal to 72 percent of one-month LIBOR, thereby creating synthetic fixed rate debt. The Swap Agreement was dated June 15, 2006, and became effective on October 1, 2010. The 2010 Swap counterparty is Wells Fargo. The 2010 Swap hedges the Series 2010D Index Floaters.

**2011 Swap:** The Airports Authority's 2011 Swap is a fixed-payor interest rate swap. Under the 2011 Swap, (a) the Airports Authority pays a fixed rate of interest, 3.862 percent, to the swap counterparty; and (b) in return, the swap counterparty pays the Airports Authority a variable rate of interest equal to 72 percent of one-month LIBOR, thereby creating synthetic fixed rate debt. The Swap Agreement was dated September 12, 2007, and became effective October 1, 2011. The 2011 Swap counterparty is Wells Fargo. The 2011 Swap hedges the 2011A-1. On October 1, 2015, the Series 2011A-1 was converted from Index Floaters to VRDOs.



The following table presents the 72 percent of one-month LIBOR rate received from the counterparties, the average monthly interest rate on the hedged variable rate bonds paid by the Airports Authority, and the resulting effective all-in interest rate on the swap.

### Hedged Variable Rate Debt and Swaps

| Month    | 2002 Swap (Rate 4.445%) |               |                              |                         |                               | 2009 Swap (Rate 4.099%)      |                         |                               |
|----------|-------------------------|---------------|------------------------------|-------------------------|-------------------------------|------------------------------|-------------------------|-------------------------------|
|          | 1-M LIBOR               | 72% 1-M LIBOR | Average All-In Interest Rate | Effective Interest Rate | All-In Effective Rate to Date | Average All-In Interest Rate | Effective Interest Rate | All-In Effective Rate to Date |
| Jan 2019 | 2.51%                   | 1.81%         | 1.80%                        | 4.44%                   | 4.80%                         | 1.73%                        | 4.02%                   | 4.76%                         |
| Feb 2019 | 2.50%                   | 1.80%         | 2.00%                        | 4.65%                   | 4.80%                         | 2.02%                        | 4.33%                   | 4.76%                         |
| Mar 2019 | 2.49%                   | 1.79%         | 2.00%                        | 4.65%                   | 4.80%                         | 1.98%                        | 4.28%                   | 4.75%                         |
| Apr 2019 | 2.48%                   | 1.79%         | 2.20%                        | 4.85%                   | 4.80%                         | 2.23%                        | 4.54%                   | 4.75%                         |
| May 2019 | 2.45%                   | 1.76%         | 1.99%                        | 4.67%                   | 4.79%                         | 1.95%                        | 4.29%                   | 4.74%                         |
| Jun 2019 | 2.41%                   | 1.73%         | 2.07%                        | 4.78%                   | 4.79%                         | 2.13%                        | 4.49%                   | 4.74%                         |
| Jul 2019 | 2.34%                   | 1.68%         | 1.78%                        | 4.54%                   | 4.79%                         | 1.77%                        | 4.19%                   | 4.74%                         |
| Aug 2019 | 2.19%                   | 1.58%         | 1.74%                        | 4.61%                   | 4.79%                         | 1.76%                        | 4.28%                   | 4.74%                         |
| Sep 2019 | 2.06%                   | 1.48%         | 1.77%                        | 4.74%                   | 4.79%                         | 1.81%                        | 4.43%                   | 4.73%                         |
| Oct 2019 | 1.92%                   | 1.38%         | 1.73%                        | 4.79%                   | 4.79%                         | 1.74%                        | 4.46%                   | 4.73%                         |

#### Historical Data:

|      |       |       |       |       |       |       |       |       |
|------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2018 | 2.01% | 1.45% | 1.78% | 4.78% | 4.82% | 1.79% | 4.44% | 4.78% |
| 2017 | 1.10% | 0.79% | 1.20% | 4.85% | 4.81% | 1.23% | 4.54% | 4.82% |
| 2016 | 0.49% | 0.35% | 0.75% | 4.82% | 4.67% | 0.81% | 4.54% | 4.84% |
| 2015 | 0.20% | 0.14% | --    | --    | --    | 0.71% | 4.66% | 4.91% |
| 2014 | 0.16% | 0.11% | --    | --    | --    | 0.78% | 4.77% | 4.95% |
| 2013 | 0.19% | 0.14% | --    | --    | --    | 0.78% | 4.74% | 4.99% |
| 2012 | 0.24% | 0.17% | --    | --    | --    | 0.82% | 4.75% | 5.06% |
| 2011 | 0.23% | 0.17% | --    | --    | --    | 0.87% | 4.80% | 5.21% |
| 2010 | 0.27% | 0.20% | --    | --    | --    | 1.41% | 5.31% | 5.35% |
| 2009 | 0.24% | 0.17% | --    | --    | --    | 1.59% | 5.52% | 5.52% |

### Hedged Variable Rate Debt and Swaps

| Month    | 2010 Swap (Rate 4.112%) |               |                              |                         | 2011 Swap (Rate 3.862%)       |                              |                         |                               |
|----------|-------------------------|---------------|------------------------------|-------------------------|-------------------------------|------------------------------|-------------------------|-------------------------------|
|          | 1-M LIBOR               | 72% 1-M LIBOR | Average All-In Interest Rate | Effective Interest Rate | All-In Effective Rate to Date | Average All-In Interest Rate | Effective Interest Rate | All-In Effective Rate to Date |
| Jan 2019 | 2.51%                   | 1.81%         | 2.38%                        | 4.68%                   | 4.65%                         | 1.80%                        | 3.86%                   | 4.22%                         |
| Feb 2019 | 2.50%                   | 1.80%         | 2.37%                        | 4.68%                   | 4.66%                         | 2.00%                        | 4.07%                   | 4.22%                         |
| Mar 2019 | 2.49%                   | 1.79%         | 2.36%                        | 4.68%                   | 4.66%                         | 2.00%                        | 4.07%                   | 4.21%                         |
| Apr 2019 | 2.48%                   | 1.79%         | 2.36%                        | 4.68%                   | 4.66%                         | 2.20%                        | 4.27%                   | 4.21%                         |
| May 2019 | 2.45%                   | 1.76%         | 2.33%                        | 4.68%                   | 4.66%                         | 1.99%                        | 4.09%                   | 4.21%                         |
| Jun 2019 | 2.41%                   | 1.73%         | 2.30%                        | 4.67%                   | 4.66%                         | 2.07%                        | 4.20%                   | 4.21%                         |
| Jul 2019 | 2.34%                   | 1.68%         | 2.24%                        | 4.67%                   | 4.66%                         | 1.78%                        | 3.96%                   | 4.21%                         |
| Aug 2019 | 2.19%                   | 1.58%         | 2.12%                        | 4.66%                   | 4.66%                         | 1.74%                        | 4.02%                   | 4.20%                         |
| Sep 2019 | 2.06%                   | 1.48%         | 2.02%                        | 4.65%                   | 4.66%                         | 1.77%                        | 4.15%                   | 4.20%                         |
| Oct 2019 | 1.92%                   | 1.38%         | 1.91%                        | 4.64%                   | 4.66%                         | 1.73%                        | 4.21%                   | 4.20%                         |

**Historical Data:**

|      |       |       |       |       |       |       |       |       |
|------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2018 | 2.01% | 1.45% | 1.99% | 4.65% | 4.66% | 1.78% | 4.19% | 4.24% |
| 2017 | 1.10% | 0.79% | --    | --    | --    | 1.20% | 4.27% | 4.24% |
| 2016 | 0.49% | 0.35% | --    | --    | --    | 0.76% | 4.26% | 4.09% |