

SEPTEMBER 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. Underwriter Selection Process
- III. Informational Items
 - A. Extension of the Series 2011B Credit Facility
 - B. Market Conditions
 - C. Information on Passenger Facility Charges
- IV. Monthly Update
 - A. CCP: Actuals vs. Projections
 - B. Short-term Liquidity Forecast
 - C. Variable Rate Programs
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- B. Airport System Revenue Bonds
 - Summary of Bonds Outstanding
 - Refunding Monitor
- C. Variable Rate Programs
 - Overview
 - Historical Performance
- D. Swap Program
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 - Historic Performance of Swaps

I. EXECUTIVE SUMMARY

Action Items

- ➔ ***Underwriter Selection Process.*** Under a separate agenda item, Finance staff seeks to obtain concurrence from the Finance Committee to issue a Request for Proposals (RFP) to the firms in the existing Underwriting Pool to select syndicates for potential future transactions.

Informational Items

- ➔ ***Extension of the Series 2011B Credit Facility.*** The Series 2011B Index Floaters provided by U.S. Bank is set to expire on April 1, 2020. The Airports Authority is in the process of extending the expiration date to September 23, 2020, maintaining the same interest rate of 80% of 1-month London Inter-Bank Offered Rate (LIBOR) plus 36 basis points. The new expiration date will be aligned with the expiration dates of two other existing credit facilities. The extension of the Series 2011B credit facility is expected to be completed on September 25, 2019.
- ➔ ***Market Conditions.*** Long-term tax-exempt interest rates have decreased throughout 2019, the slope of the yield curve has flattened and credit and Alternative Minimum Tax (AMT) spreads are relatively narrow.
- ➔ ***Information on Passenger Facility Charges.*** For the Committee's information only, separate slides are provided on Passenger Facility Charges (PFCs).

II. ACTION ITEMS

(II.A) Underwriter Selection Process

Under a separate agenda item, Finance staff seeks to obtain concurrence from the Finance Committee to issue an RFP to the firms in the existing Underwriting Pool to select syndicates for potential future transactions.

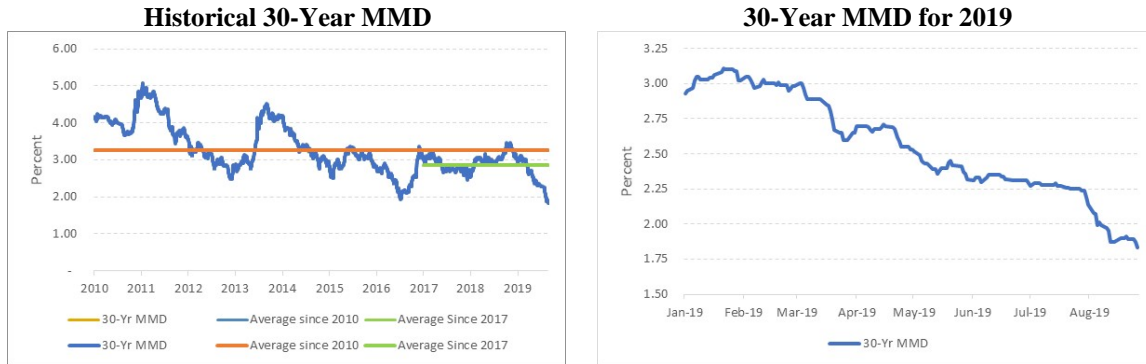
III. INFORMATIONAL ITEMS

(III.A) Extension of the Series 2011B Credit Facility

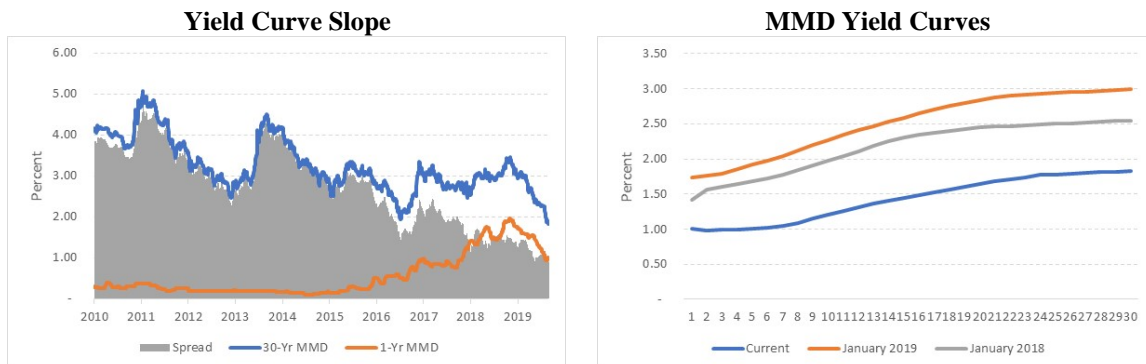
The Series 2011B Index Floaters provided by U.S. Bank is set to expire on April 1, 2020. The Airports Authority is in the process of extending the expiration date to September 23, 2020, maintaining the same interest rate of 80% of 1-month London Inter-Bank Offered Rate (LIBOR) plus 36 basis points. The new expiration date will be aligned with the expiration dates of two other existing credit facilities. The extension of the Series 2011B credit facility is expected to be completed on September 25, 2019.

(III.B) Market Conditions

Long-term tax-exempt interest rates have decreased significantly throughout 2019 – 116 basis points since January 2, 2019. The level of the current 30-year Municipal Market Data (MMD) is below the 10-year and 3-year averages.

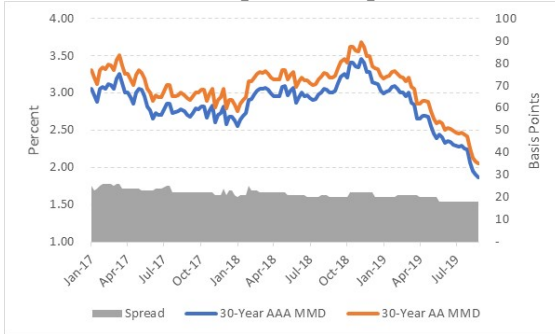


The slope of the yield curve has flattened as shown by the spread between 30-year MMD and 1-year MMD. Interest rates since January 2019 have decreased for all maturities along the yield curve, but more significantly at the longer end.

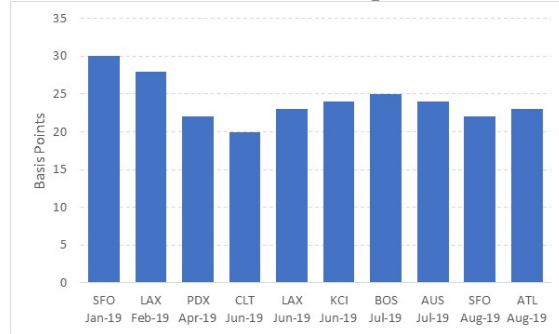


Tax-exempt credit spreads are relatively narrow, and AMT spreads for airport bonds is in a range generally between 20 and 25 basis points.

Tax Exempt Credit Spreads

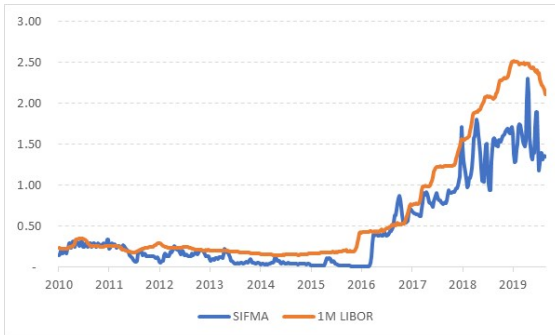


AMT to Non-AMT Spreads



At the short end of the market, the Securities Industry and Financial Markets Association (SIFMA) rates and the 1-month LIBOR rates have generally followed the actions taken by the Federal Reserve. SIFMA as of September 4, 2019 is 1.35 percent.

SIFMA and 1M LIBOR



SIFMA/LIBOR Ratio



(III.C) Information on Passenger Facility Charges

For the Committee’s information only, separate slides are provided on PFCs.

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 July 2019 totaled \$19.4 million. At the time of the writing of this report, expenditures for August 2019 were not available.

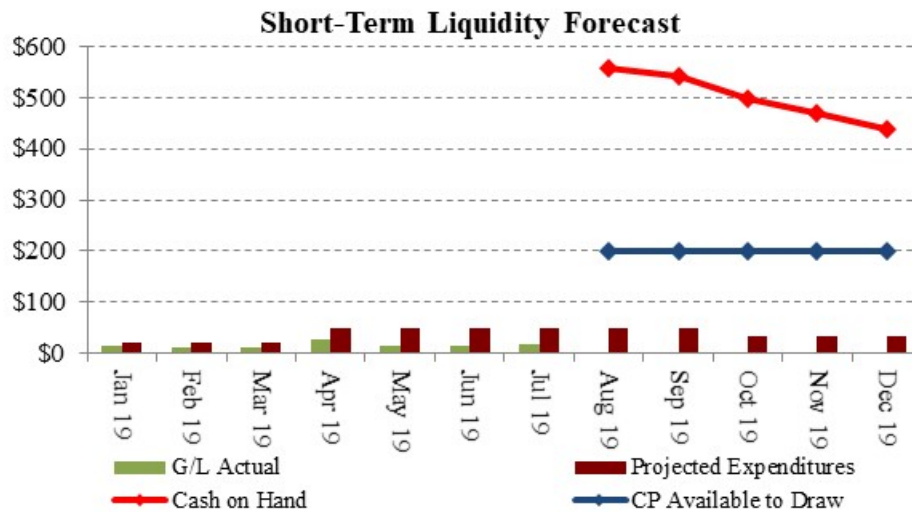
2019 CCP Projections vs. Actuals (\$ millions)				
	<i>General Ledger Actual</i>	<i>Original Projection</i>	<i>Variance</i>	<i>Variance (%)</i>
Jan 2019	\$16.00	\$22.66	(\$6.66)	(29.4%)
Feb 2019	12.70	22.66	(9.96)	(43.9%)
Mar 2019	12.30	22.66	(10.36)	(45.7%)
Apr 2019	28.30	48.80	(20.50)	(42.0%)
May 2019	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%)
2019 Totals (Thru July)	\$120.30	\$263.05	(\$142.75)	(54.3%)

(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 September 2019, the Airports Authority had \$540.3 million of cash-on-hand¹ and \$200 million of additional available liquidity in the form of undrawn CP Series Two capacity.

Short-Term Liquidity Forecast (\$ millions)					
Beginning of Month	Cash Available	CP Available to Draw (End Bal)	PFCs	Grants	Projected Expenditures
Sep 2019	540.30	200.00	3.75	1.79	48.67
Oct 2019	497.17	200.00	3.75	2.38	35.35
Nov 2019	467.94	200.00	3.75	2.38	35.35
Dec 2019	438.72	200.00	3.75	2.38	35.35



¹ 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 \$740.4 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 \$222.6 million represents approximately 4.8 percent of the Airports Authority’s \$4.6 billion of outstanding indebtedness.

Gross Variable Rate Exposure

Fixed Rate Debt Percentage:			
Fixed Rate Debt	\$3,858,355,000		
2009D VRDOs (Hedged)	113,700,000		
2010C2 VRDOs (Hedged)	89,830,000		
2010D Index Floater (Hedged)	145,200,000		
2011A VRDOs (Hedged)	169,065,000		
Fixed Rate	\$4,376,150,000		95.2%
Variable Rate Debt Percentage:			
2003D VRDOs	51,625,000		
2010C1 VRDOs	51,675,000		
2011B Index Floater	119,315,000		
CP Notes	0		
Variable Rate	\$222,615,000		4.8%
Combined Total	\$4,598,765,000		100.0%

The Airports Authority’s current cash balances of \$1,006.1 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

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

Historical CCP Projections vs. Actuals (\$ millions)

	<i>General Ledger Actual</i>	<i>Projection²</i>	<i>Variance</i>	<i>Variance (%)</i>
2003 Totals	\$282.7	\$321.9	(\$39.2)	(12.2%)
2004 Totals	\$349.3	\$349.9	(\$0.6)	(0.2%)
2005 Totals ³	\$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%)

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

³ 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 Par Amount	Current Par Amount	Tax Status	Coupon	Credit Enhancement*	Purpose
2003D	10/01/03	150,000,000	51,625,000	AMT	Variable	TD LOC	New Money
2009B	04/01/09	236,825,000	11,540,000	Non-AMT	Fixed	BHAC (partial)	New Money
2009C	07/02/09	314,435,000	7,305,000	Non-AMT	Fixed	None	Refund PFC Notes
2009D**	07/02/09	136,825,000	113,700,000	Non-AMT	Variable	TD LOC	Refund PFC Notes
2010A	07/28/10	348,400,000	299,405,000	Non-AMT	Fixed	None	New Money/OMP
2010B	07/28/10	229,005,000	115,380,000	AMT	Fixed	None	Current Refunding
2010C***	09/22/10	170,000,000	141,505,000	C1 (AMT), C2 (Non-AMT)	Variable	Sumitomo LOC	Current Refunding
2010D**	09/22/10	170,000,000	145,200,000	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	169,065,000	AMT	Variable	Sumitomo LOC	New Money/Current Refunding
2011B	09/21/11	207,640,000	119,315,000	AMT	Variable	U.S. Bank Index Floaters	New Money/Current Refunding
2011C	09/29/11	185,390,000	130,575,000	AMT	Fixed	None	Current Refunding
2011D	09/29/11	10,385,000	7,585,000	Non-AMT	Fixed	None	Current Refunding
2012A	07/03/12	291,035,000	267,130,000	AMT	Fixed	None	Current Refunding
2012B	07/03/12	20,790,000	3,745,000	Non-AMT	Fixed	None	Advance Refunding
2013A	07/11/13	207,205,000	203,095,000	AMT	Fixed	None	New Money/Current Refunding
2013B	07/11/13	27,405,000	17,360,000	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	456,705,000	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	258,145,000	AMT	Fixed	None	New Money/Current Refunding
2015C	07/15/15	35,975,000	27,975,000	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	483,330,000	AMT	Fixed	None	New Money/Current Refunding
2018A	07/03/18	558,430,000	558,430,000	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
Total		5,884,650,000	4,598,765,000				

* Approximately 0.1 percent of the GARB portfolio is additionally secured through bond insurance.
 ** All of the Series 2009D, 2010D and 2011A are subject to a floating-to-fixed rate swap.
 *** \$89.8 million of the Series 2010C is subject to a floating-to-fixed rate swap.

As % of Total Portfolio	
Insurer	Percentage
BHAC	0.1%
Uninsured	99.9%

As % of Insured Portfolio	
Insurer	Percentage
BHAC	100.0%

Average Fixed Rate Debt
3.83%

**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. As a benchmark for evaluating refunding strategies, the table below shows the results of a tax-exempt current refunding assuming current interest rates.

<i>Series</i>	<i>Callable Par/ Maturities</i>	<i>Range of Interest Rates</i>	<i>Call Date</i>	<i>Call Premium</i>	<i>Net PV Savings</i>
2010A Non-AMT PAB*	\$287,105,000 ('21-'39)	4.00%-5.00%	10/01/20	0% (at par)	\$62.4 mm 21.7%
Series 2010B AMT	\$97,760,000 ('21-'27)	5.00%	10/01/20	0% (at par)	\$12.6 mm 12.8%
Series 2010F-1 Non-AMT PAB**	\$31,900,000 ('24,'26,'30- '31)	4.375%-5.00%	10/01/20	0% (at par)	\$7.1 mm 22.3%

*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.⁴

Below are the refunding guidelines previously accepted by the Board:

Time Between Call Date and Issuance of Refunding Bonds	Traditional Financing Products Minimum Present Value (PV) Percent Savings	Non-Traditional Financing Products Minimum PV Percent 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%

⁴ 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/ Series</i>	<i>Amount (\$ MM)</i>	<i>Remarketing Fees</i>
<i>BofA Merrill Lynch</i>	<i>CP: Series Two*</i>	<i>Up to \$200.000</i>	<i>0.05%</i>
<i>TD</i>	<i>VRDO: 2003D1 Bonds</i>	<i>\$51.625</i>	<i>0.05%</i>
<i>BofA Merrill Lynch</i>	<i>VRDO: 2009D Bonds**</i>	<i>\$113.700</i>	<i>0.06–0.08%</i>
<i>Barclays</i>	<i>VRDO: 2010C Bonds</i>	<i>\$141.505</i>	<i>0.06%</i>
<i>Wells Fargo</i>	<i>Index Floater: 2010D Bonds</i>	<i>\$145.200</i>	<i>None</i>
<i>RBC</i>	<i>VRDO: 2011A Bonds</i>	<i>\$169.065</i>	<i>0.05%</i>
<i>U.S. Bank</i>	<i>Index Floater: 2011B Bonds</i>	<i>\$119.315</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/ Series</i>	<i>Amount (\$ MM)</i>	<i>Fee/ Spread (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>\$51.625</i>	<i>26.0</i>	<i>October 4, 2022</i>
<i>TD Bank</i>	<i>LOC</i>	<i>2009D</i>	<i>\$113.700</i>	<i>35.0</i>	<i>February 28, 2021</i>
<i>Sumitomo</i>	<i>LOC</i>	<i>2010C</i>	<i>\$141.505</i>	<i>34.0</i>	<i>September 21, 2020</i>
<i>Wells Fargo</i>	<i>Index Floater</i>	<i>2010D</i>	<i>\$145.200</i>	<i>37.0*</i>	<i>September 22, 2020</i>
<i>Sumitomo</i>	<i>LOC</i>	<i>2011A</i>	<i>\$169.065</i>	<i>30.0</i>	<i>October 4, 2022</i>
<i>U.S. Bank</i>	<i>Index Floater</i>	<i>2011B</i>	<i>\$119.315</i>	<i>36.0*</i>	<i>April 1, 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 TD Weekly ⁵	2009D1 BofA Weekly	2009D2 BofA Daily	2010C1 Barclays Weekly ⁶	2010C2 Barclays Weekly	2010D Wells Index	2011A RBC Weekly ⁷	2011B US Bank Index	CP 2 BofA ⁸	SIFMA
12-month Rolling Average	0.362%	0.426%	0.387%	0.428%	0.378%	0.703%	0.386%	0.696%	--	1.568%
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%
Jun 19 – Aug 19	0.351%	0.426%	0.471%	0.431%	0.385%	0.753%	0.389%	0.782%	--	1.466%

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%

⁵ 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.

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

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

⁸ 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 TD Week ⁹	2009D1 BofA Weekly	2009D2 BofA Daily	2010C1 Barclays Week ¹⁰	2010C2 Barclays Weekly	2010D Wells Index	2011A RBC Week ¹¹	2011B US Bank Index	CP 2 BofA ¹²	SIFMA
12-month Rolling Average	0.046%	0.016%	-0.043%	0.028%	-0.022%	0.333%	0.038%	0.336%	--	1.568%
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%
Jun 19 – Aug 19	0.041%	0.016%	0.041%	0.031%	-0.015%	0.383%	0.039%	0.422%	--	1.466%

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%

⁹ 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.

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

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

¹² 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 Moody’s/S&P/ Fitch	Outstanding Notional Amount (\$ millions)	Hedged Series	Current Termination Value (\$ millions) ¹³	Fixed Rate
07/31/01	08/29/02	10/01/21	Bank of America	Aa2/A+/AA-	\$18.3	2011A-2	(\$0.7)	4.445%
06/15/06	10/01/09	10/01/39	JPMorgan Chase Bank of America	Aa2/A+/AA Aa2/A+/AA-	\$157.9 <u>\$91.4</u> \$249.3	2011A-3 2009D 2010C2	(\$53.6) <u>(\$31.0)</u> (\$84.6)	4.099%
06/15/06	10/01/10	10/01/40	Wells Fargo	Aa2/A+/AA-	\$145.2	2010D	(\$52.0)	4.112%
09/12/07	10/01/11	10/01/39	Wells Fargo	Aa2/A+/AA-	<u>\$105.0</u>	2011A-1	<u>(\$29.6)</u>	3.862%
Aggregate Swaps					\$517.8		(\$166.9)	

¹³ Amounts as of August 30, 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	1-M LIBOR	72% 1-M LIBOR	2002 Swap (Rate 4.445%)			2009 Swap (Rate 4.099%)		
			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%

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%

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%