



METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

REPORT FOR THE FINANCE COMMITTEE

INFORMATION PAPER REGARDING THE AVIATION ENTERPRISE'S SERIES 2010C, 2003D, AND 2011A BONDS BANK FACILITIES REPLACEMENTS

JULY 2015



Purpose

- To provide a status report regarding the procurement to replace and/or extend the current bank facilities associated with the Aviation Enterprise's Series 2010C, 2003D and 2011A Variable Rate Bonds
- No formal action is required at this meeting
- Finance Staff will recommend bank facilities replacements and/or extensions and seek Finance Committee and Board approval of substantially final documents in September 2015



Background

- The Airports Authority currently has \$156 million of outstanding variable rate bonds with bank facilities that expire in 2015 that must be replaced and \$270 million of variable rate bonds that expire in 2016 that may be replaced early without penalty for potential cost savings to the Airports Authority:
 - Series 2010C Bonds (AMT and Non-AMT) of \$156 million held by Barclays as a Letter of Credit expiring in September 2015 with current rate of 72% of LIBOR-Index plus 70 bps
 - Series 2003D Bonds (AMT) of \$60 million held by Bank of America as Indexed Floaters expiring in December 2016 with current rate of 72% of LIBOR-Index plus 70 bps
 - Series 2011A Bonds (AMT) of \$210 million held by Wells Fargo as Indexed Floaters expiring in September 2016 with current rate of 72% of LIBOR-Index plus 82 bps



Background (*cont'd*)

- The bank facilities provide liquidity to the Airports Authority's Variable Rate Demand Obligations
- With the Finance Committee's concurrence, a bank facility solicitation was sent to over 40 financial institutions on May 21
- The facilities noted in the RFP included the provision of a Letter of Credit and/or an Indexed Floater based on SIFMA-index or 72% LIBOR-index
- Evaluation criteria were:
 - Proposed fees, credit quality, plus trading value if applicable
 - Costs to terminate the facility
 - Willingness to accept the Airports Authority's covenants and indemnification
 - Proposed downgrade pricing
 - Proposed term out provisions



Background (*cont'd*)

- Benefits of the proposed financing include:
 - Lower cost of capital as compared to currently outstanding costs
 - Extension of the bank facility term for an additional three to five years



Background (*cont'd*)

- The Airports Authority received 17 proposals from 12 banks which included 11 Letter of Credit bids and six Indexed Floater bids
- Based on the technically acceptable lowest price procurement method and evaluation criteria, the Technical Evaluation Committee (TEC) identified the firms with which to begin negotiations on terms to replace 2015 and 2016 bank facilities

Provider	Product	Capacity	Bonds	Term
Wells Fargo	Indexed Floater	\$59.75 M	2003D1	2018
Royal Bank of Canada	Letter of Credit or Indexed Floater	\$210.135 M	2011A	2018
Sumitomo Mitsui Banking Corp	Letter of Credit	\$156.265 M	2010C	2020

- If any of the above negotiations do not result in the desired bank facility terms, the TEC will negotiate with next most favorable firm(s)



Conclusion

- Finance Staff, Financial Advisors and Bond Counsel will negotiate terms with the proposed firms
- Finance Staff will recommend bank facilities' replacements and seek Finance Committee and Board approval of substantially final documents in September 2015



Ronald Reagan Washington National Airport



Dulles Corridor Metrorail Project



Dulles Toll Road



Washington Dulles International Airport



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