OCTOBER 2015
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 Airports Authority's Aviation Enterprise capital financing activities. The Financial Advisor presents this Monthly Report, focusing on the specific debt management projects underway, the debt policy framework guiding these projects and the financing of the CCP in general.

DISCUSSION SUMMARY

This paper is organized as follows:

I. Executive Summary

II. Action Items
   A. None

III. Informational Items
   A. Request for Proposals to Provide Underwriting Services
   B. Investment Policy
   C. Debt Service Fund Investment Strategy

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 Capital Construction Program
   B. Airport System Revenue Bonds
      - Summary of Bonds Outstanding
      - Refunding Monitor
   C. Variable Rate Programs
      - Overview
      - Historical Performance
   D. Swap Program
      - Airports Authority Swap Profile
      - Historic Performance of 2009 Swaps

I. EXECUTIVE SUMMARY

Action Items

- None to report.

Informational Items

- ***Request for Proposals to Provide Underwriting Services.*** In February 2015, recognizing that the Dulles Corridor Enterprise financings were virtually complete, the two underwriting syndicates were combined into one underwriting pool by the Board, solely for the purposes of issuing the Series 2015B-D Bonds, with the understanding that a new solicitation for an underwriting pool would be completed after the Series 2015B-D Bonds were issued, and prior to the execution of the 2016 Plan of Finance. Although option years remain, it is understood that the Board prefers to issue a new solicitation for underwriting services to ensure that the Airports Authority follows best practices by periodically re-soliciting these services. Under a separate agenda item, Finance staff seeks to obtain concurrence from the Finance Committee to issue a Request for Proposals (RFP) for investment banking firms to provide underwriting services.

- ***Investment Policy.*** At the request of Finance staff, the Financial Advisor reviewed the Airports Authority's Investment Policy and has determined that it is consistent with industry standards. Under a separate agenda item, Finance staff will present a briefing on the Investment Program.

- ***Debt Service Fund Investment Strategy.*** The finance team has been considering the potential investment of certain monies periodically deposited into the Aviation Enterprise Debt Service Fund.

II. ACTION ITEMS

No Action Items to report this month.

III. INFORMATIONAL ITEMS

(III.A) Request for Proposals to Provide Underwriting Services

In Resolution No. 12-10, dated April 18, 2012, the Airports Authority selected two separate syndicates of investment banking firms to serve as underwriters, one for the financing of the Aviation Enterprises' CCP and the second for financing the Dulles Corridor Enterprises' CIP. In February 2015, recognizing that the Dulles Corridor Enterprise financings were virtually complete, the Board combined the syndicates into one underwriting pool, as permitted via Resolution No. 12-10, solely for the purpose of issuing the Series 2015B-D Bonds, with the understanding that a new solicitation for an underwriting pool would be completed after the Series 2015B-D Bonds were issued, and prior to the execution of the 2016 Plan of Finance. Although option years remain, it is understood that the Board prefers to issue a new solicitation for underwriting services to ensure that the Airports Authority follows best practices by periodically re-soliciting these services. Under a separate agenda item, Finance staff seeks to obtain concurrence from the Finance Committee to issue a RPF for investment banking firms to provide underwriting services.

The Airports Authority expects to form a pool of underwriters from which syndicates will be selected for the Series 2016 Bond issuance and for any subsequent issuances during the term of the contract awarded. The term of the contract shall be a period of three years with extension option for one or more years at the discretion of the Airports Authority.

(III.B) Investment Policy

At the request of Finance staff, the Financial Advisor reviewed the Airports Authority's Investment Policy and has determined that it is consistent with industry standards. Under a separate agenda item, Finance staff will present a briefing on the Investment Program.

(III.C) Debt Service Fund Investment Strategy

The finance team is considering a strategy to invest a portion of debt service funds in a forward purchase agreement ("FPA"). Should the Airports Authority choose to enter into an FPA, on each monthly deposit date, it would use a portion of the moneys in the Debt Service Fund to purchase a highly-rated security (U.S. Treasuries or Agencies) that would mature on or before the following April 1 or October 1 debt service payment date. This series of forward purchases would generate a guaranteed investment rate over the term of the agreement. Current returns on FPAs are approximately 1.00 percent for a five year agreement.

Finance staff and the Financial Advisor continue to: (i) review the mechanics of this proposal, including the appropriate amount of debt service funds to include in the FPA; (ii) consider the potential economic and legal impacts of investing some portion of the Debt Service Fund in this manner; (iii) review, with Bond and Tax Counsel, the potential legal terms and conditions of the FPA; and (iv) consider the rating agency process that is required under the Airports Authority's permitted investments language.

IV. MONTHLY UPDATES

(IV.A) CCP: Actuals vs. Projections

Exhibit A sets forth the major 2001-2016 CCP projects underway at the Airports Authority, as well as historical CCP actual versus projected expenditures. For 2015, CCP expenditures are budgeted at $248.8 million including construction and capitalized interest costs. Expenditures in September 2015 totaled $10.9 million, including accrued capitalized interest expenditures.

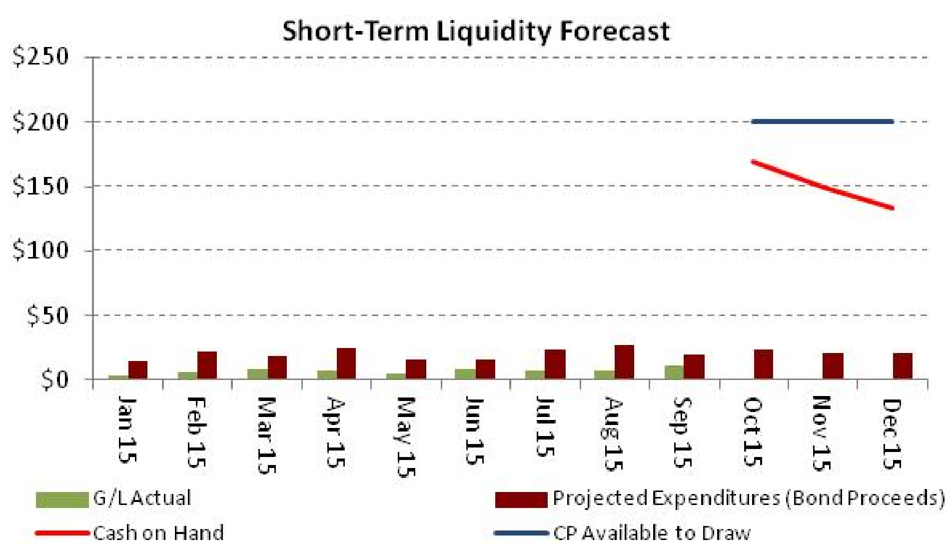
2015 CCP Projections vs. Actuals ($ millions)				
	General Ledger Actual[1]	***Original Projection***	***Variance***	***Variance (%)***
15-Jan	$4.00	$14.51	($10.51)	(72.43%)
15-Feb	6.20	21.95	(15.75)	(71.75%)
15-Mar	8.00	19.03	(11.03)	(57.96%)
15-Apr	7.20	24.71	(17.51)	(70.86%)
15-May	4.80	15.69	(10.89)	(69.41%)
15-Jun	8.20	16.21	(8.01)	(49.41%)
15-Jul	7.70	23.93	(16.23)	(67.82%)
15-Aug	7.80	27.71	(19.91)	(71.85%)
15-Sep	10.90	19.94	(9.04)	(45.34%)
15-Oct		23.62		
15-Nov		20.73		
15-Dec		20.74		
2015 Totals (Thru September)	$64.80	$183.68	($118.88)	(64.72%)

[1] As provided by the Airports Authority.

(IV.B) Short-term Liquidity Forecast
The following (including the table and chart) is based on information provided to the Financial Advisors by Finance Staff.

As of the beginning of October 2015, the Airports Authority had $169.5 million of cash-on-hand[2] 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**
Oct-15	169.51	200.00	3.06	1.04	(23.62)
Nov-15	149.99	200.00	3.06	1.04	(20.73)
Dec-15	133.36	200.00	3.06	1.04	(20.74)



[2] Cash-on-hand includes proceeds of the Series 2014A and 2015B Bonds and Funds 63 and 64.

(IV.C) Variable Rate Programs

In addition to approximately $850.2 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 $276.4 million represents approximately 5.8 percent of the Airports Authority's $4.8 billion of outstanding indebtedness.

Gross Variable Rate Exposure

Fixed Rate Debt Percentage:		
Fixed Rate Debt	$3,930,065,000	
2009D VRDOs (Hedged)	122,530,000	
2010C2 VRDOs (Hedged)	95,095,000	
2010D Index Floater (Hedged)	155,620,000	
2011A VRDOs (Hedged)	200,530,000	
Fixed Rate	**$4,503,840,000**	**94.2%**
Variable Rate Debt Percentage:		
2003D Index Floater	57,875,000	
2010C1 VRDOs	57,925,000	
2011B Index Floater	160,620,000	
CP Notes	0	
Variable Rate	**$276,420,000**	**5.8%**
Combined Total	**$4,780,260,000**	**100.0%**

The Airports Authority's current unrestricted cash balances of $743.3 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 for 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 4.45 percent on the outstanding notional amount of the swap. In return, the Airports Authority receives from the counterparty 72 percent of one-month LIBOR based upon the outstanding notional amount of the swap. The 2002 Swap originally hedged the Series 2002C Bonds and now hedges the 2011A-2 which refunded the Series 2002C Bonds in full. The Airports Authority pays 72 percent of LIBOR plus 82 basis points on the Series 2011A-2 Index Floaters. The effective rate of the swap is therefore equal to the fixed swap rate of 4.45 percent plus the spread of 82 basis points: 5.27 percent. On October 1, 2015, the Series 2011A-2 was converted to Variable Rate Demand Obligations (VRDOs). For next month's report and going forward, **Exhibit D-2**

will provide the historical monthly cash flow history 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 4.10 percent on the outstanding notional amount of the swap. In return, the Airports Authority receives from the counterparties 72 percent of one-month LIBOR based upon the outstanding notional amount of 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 Index Floaters and the 2009D and 2010C2 VRDOs. On the Index Floaters, the Airports Authority pays 72 percent of LIBOR plus 82 basis points. The 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 82 basis points: 4.92 percent. **Exhibit D-2** provides the historical monthly cash flow history of the 2009 swaps associated with the hedged VRDOs (currently the 2009D and 2010C2). On October 1, 2015, the Series 2011A-3 was converted to VRDOs. For next month's report and going forward, **Exhibit D-2** will provide the historical monthly cash flow history 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 4.11 percent on the outstanding notional amount of the swap. In return, the Airports Authority receives from the counterparty 72 percent of one-month LIBOR based upon the outstanding notional amount of the swap. The 2010 Swap hedges the Series 2010D Index Floaters. The Airports Authority pays 72 percent of LIBOR plus 32.5 basis points on the Index Floaters. The effective rate of the swap is therefore equal to the fixed swap rate of 4.11 percent plus the spread of 32.5 basis points: 4.44 percent.

2011 Swap: Under the terms of the swap agreement, the Airports Authority pays to the counterparty a fixed rate of 3.86 percent on the outstanding notional amount of the swap. In return, the Airports Authority receives from the counterparty 72 percent of one-month LIBOR based upon the outstanding notional amount of the swap. The 2011 Swap hedges the Series 2011A-1 Index Floaters. The Airports Authority pays 72 percent of LIBOR plus 82 basis points on the Index Floaters. The effective rate of the swap is therefore equal to the fixed swap rate of 3.86 percent plus the spread of 82 basis points: 4.68 percent. On October 1, 2015, the Series 2011A-1 was converted to VRDOs. For next month's report and going forward, **Exhibit D-2** will provide the historical monthly cash flow history of the 2011 swaps associated with the hedged VRDOs.

Exhibit A
Airports Authority's CCP

Major projects under construction at Reagan National include:

- Runway 15-33 and 4-22 Runway Safety Area Enhancements

Major projects under construction at Dulles International include:

- Cargo Buildings 1-4 Exterior Rehabilitation;
- Hydrant Fuel Line Improvements;
- Taxilane B Reconstruction & Widening, East Section;
- Repair Runway 1R-19L & Associated Taxiways K4, K5 & K6; and
- Police Firing Range & Training Facility

Historical CCP Projections vs. Actuals (2001-2014) ($ millions)

	General Ledger Actual	***Projection[1]***	***Variance***	***Variance (%)***
2001 Totals	$370.8	$429.8	($58.9)	(13.7%)
2002 Totals	$295.6	$346.5	($50.9)	(14.7%)
2003 Totals	$282.7	$321.9	($39.2)	(12.2%)
2004 Totals	$349.3	$349.9	($0.6)	(0.2%)
2005 Totals[2]	$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%)

1) Historical projections for 2001-2003 do not reflect periodic revisions. 2002: the last revision for 2002 projected $271 million of capital spending for the year. 2003: the last revision for 2003 projected a total of $287.5 million.
2) 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 A1 (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	57,875,000	AMT	Variable	Wells Fargo Index Floaters	New Money
2006A	01/25/06	300,000,000	153,555,000	AMT	Fixed	FSA	New Money/CP Refunding
2006B	12/06/06	400,000,000	284,320,000	AMT	Fixed	FGIC	New Money
2006C	12/06/06	37,865,000	31,550,000	Non-AMT	Fixed	FGIC	Advance Refunding
2007A	07/03/07	164,460,000	98,065,000	AMT	Fixed	Ambac	Current Refunding
2007B	09/27/07	530,000,000	379,100,000	AMT	Fixed	Ambac	New Money
2008A	06/24/08	250,000,000	192,705,000	AMT	Fixed	None	New Money/CP Refunding
2009B	04/01/09	236,825,000	216,690,000	Non-AMT	Fixed	BHAC (partial)	New Money
2009C	07/02/09	314,435,000	281,520,000	Non-AMT	Fixed	None	Refund PFC Notes
2009D**	07/02/09	136,825,000	122,530,000	Non-AMT	Variable	TD LOC	Refund PFC Notes
2010A	07/28/10	348,400,000	318,805,000	Non-AMT	Fixed	None	New Money/OMP
2010B	07/28/10	229,005,000	163,280,000	AMT	Fixed	None	Current Refunding
2010C***	09/22/10	170,000,000	153,020,000	C1 (AMT), C2 (Non-AMT)	Variable	Sumitomo LOC	Current Refunding
2010D**	09/22/10	170,000,000	155,620,000	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	200,530,000	AMT	Variable	RBC LOC	New Money/Current Refunding
2011B	09/21/11	207,640,000	160,620,000	AMT	Variable	PNC Index Floaters	New Money/Current Refunding
2011C	09/29/11	185,390,000	155,815,000	AMT	Fixed	None	Current Refunding
2011D	09/29/11	10,385,000	8,845,000	Non-AMT	Fixed	None	Current Refunding
2012A	07/03/12	291,035,000	291,035,000	AMT	Fixed	None	Current Refunding
2012B	07/03/12	20,790,000	14,050,000	Non-AMT	Fixed	None	Advance Refunding
2013A	07/11/13	207,205,000	207,205,000	AMT	Fixed	None	New Money/Current Refunding
2013B	07/11/13	27,405,000	27,405,000	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	524,710,000	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	278,685,000	AMT	Fixed	None	New Money/Current Refunding
2015C	07/15/15	35,975,000	35,630,000	Non-AMT	Fixed	None	Current Refunding/CP Takeout
2015D	07/15/15	30,490,000	30,490,000	Taxable	Fixed	None	Current Refunding
Total		**5,742,855,000**	**4,780,260,000**				

* Approximately 22% 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.
*** $95.1 million of the Series 2010C is subject to a floating-to-fixed rate swap.

As % of Total Portfolio	
Insurer	**Percentage**
Ambac	10.0%
BHAC	2.3%
FGIC	6.6%
FSA	3.2%
Uninsured	77.9%

As % of Insured Portfolio	
Insurer	**Percentage**
Ambac	45.1%
BHAC	10.6%
FGIC	29.8%
FSA	14.5%

TIC of Fixed Rate Debt
4.40%

Exhibit B-2
Airport System Revenue Bonds
Refunding Monitor

Refunding Candidates – Non-AMT
There are no current refunding opportunities at this time.

There are no advance refunding opportunities at this time.[3]

The Series 2006C 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 hypothetical tax exempt advance refunding.

Series	***Callable Par/ Maturities***	***Range of Interest Rates***	***Call Date***	***Call Premium***	***Savings Required***	***Net PV Savings***	***Negative Arbitrage***
2006C Non-AMT	$30,130,000 (2017-2032)	3.75% - 5.00%	10/01/16	0% (at par)	1%	$3.35 mm 11.1%	$0.57 mm

Refunding Candidates – AMT
There are no current refunding opportunities at this time.

The Series 2006A and 2006B 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 hypothetical tax exempt advance refunding.

Series	***Callable Par/ Maturities***	***Range of Interest Rates***	***Call Date***	***Call Premium***	***Savings Required***	***Net PV Savings***	***Negative Arbitrage***
2006A AMT	$153,555,000 (30-32,34-35)	4.75% - 5.00%	10/01/16	0% (at par)	1%	$13.37 mm 8.7%	$4.94 mm
2006B AMT	$284,320,000 (31-32,34-36)	4.55% - 5.00%	10/01/16	0% (at par)	1%	$20.14 mm 7.1%	$9.42 mm

Refunding Candidates – Taxable
There are no taxable refunding candidates at this time.[4]

[3] The Series 2006C, Series 2012B and Series 2013C Bonds are Non-AMT. However, they may not be advance refunded since the proceeds were used to advance refund other Airports Authority Bonds. The Series 2009B, Series 2009C, Series 2010A and Series 2010F1 Bonds were issued as private activity Non-AMT Bonds and cannot be advance refunded. The Series 2011D Bonds are advance refundable, but given the length of time to the call date, they are not a viable refunding candidate at this time.
[4] The Series 2013B and Series 2015D Bonds are Taxable and advance refundable. However, the Series 2013B Bonds can only be called prior to maturity with a make whole call provision, and the Series 2015D Bonds, given the length of time to the call date, are not a viable refunding candidate at this time.

Below are the refunding guidelines previously accepted 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*
Merrill Lynch	CP: Series Two*	Up to $200	0.05%
Wells Fargo	Index Floater: 2003 D1 Bonds	$57.875	None
Bank of America	VRDO: 2009D Bonds**	$122.530	0.08–0.10%
Barclays	VRDO: 2010C Bonds	$153.020	0.06%
Wells Fargo	Index Floater: 2010D Bonds	$155.620	None
RBC	VRDO: 2011A Bonds	$200.530	0.06%
PNC	Index Floater: 2011B Bonds	$160.620	None

** 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 0.10 percent remarketing fee and those bonds in a weekly mode have a 0.08 percent remarketing fee.*

Details of Facilities

Bank Provider	*Facility*	*Program/ Series*	*Amount ($MM)*	*Costs (bps)*	*Expiration Date*
Sumitomo	LOC	CP: Series Two	$200.000	33.0	March 6, 2017
Wells Fargo	Index Floater	2003 D1	$57.875	31.5*	October 1, 2018
TD Bank	LOC	2009 D VRDO	$122.530	61.0	December 2, 2017
Sumitomo	LOC	2010 C VRDO	$153.020	34.0	September 21, 2020
Wells Fargo	Index Floater	2010 D	$158.775	32.5*	September 23, 2017
RBC	LOC	2011A VRDO	$200.530	27.0	September 28, 2018
PNC	Index Floater	2011B	$173.185	32.0*	October 2, 2017

** This is a fixed spread to the 72 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 spread to SIFMA including credit and remarketing fees.

2015 Interest Rates *(by quarter)*

Quarter	2003D1 BofA Index[5]	2009D1 BoA Weekly	2009D2 BoA Daily	2010C1 Barclay 2-Day[6]	2010C2 Barclay Weekly	2010D Wells Index	2011A Wells Index[7]	2011B PNC Index	CP 2 ML[8]	SIFMA
12-month Rolling Average	0.784%	0.683%	0.699%	0.781%	0.775%	0.411%	0.906%	0.407%	0.401%	0.041%
Jan 15 – Mar 15	0.802%	0.681%	0.699%	0.784%	0.779%	0.427%	0.922%	0.422%	0.412%	0.021%
Apr 15 – Jun 15	0.755%	0.685%	0.698%	0.796%	0.786%	0.382%	0.877%	0.377%	0.374%	0.075%
Jul 15 – Sep 15	0.812%	0.683%	0.696%	0.758%	0.754%	0.440%	0.935%	0.435%	n.a.	0.025%

2004 – 2014 Historical All-in Costs *(annually)*

Year	2003 D-1[5]	2003 D-2[9]	2002 C[10]	2009 D1	2009 D2	2010 C1[6]	2010 C2	2010 D	2011 A[7]	CP 1	CP 2 (Tax)	CP A/2	SIFMA
2014	0.761%	n.a.	n.a.	0.684%	0.703%	0.783%	0.780%	0.621%	0.881%	n.a.	n.a.	0.597%	0.05%
2013	0.724%	n.a.	n.a.	0.662%	0.676%	0.707%	0.709%	0.696%	0.866%	n.a.	n.a.	1.347%	0.09%
2012	0.415%	n.a.	n.a.	0.671%	0.682%	0.624%	0.629%	0.754%	0.828%	n.a.	n.a.	1.339%	0.16%
2011	0.405%	n.a.	n.a.	0.648%	0.668%	0.599%	0.606%	0.745%	n.a.	0.721%	n.a.	1.468%	0.17%
2010	0.413%	n.a.	0.338%	1.243%	1.307%	n.a.	n.a.	n.a.	n.a.	0.293%	0.462%	0.323%	0.26%
2009	0.390%	2.291%	1.439%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.694%	1.659%	0.791%	0.40%
2008	2.079%	1.207%	0.960%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.470%	0.116%	2.21%
2007	0.649%	0.603%	0.370%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.989%	0.281%	3.62%
2006	0.474%	0.426%	0.463%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.381%	3.45%
2005	0.364%	0.398%	0.436%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.306%	2.47%
2004	0.438%	0.415%	0.427%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.258%	1.24%

[5] 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.
[8] On July 15, 2015, the Commercial Paper Two was refunded in its entirety.
[9] 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.
[10] Bank of America replaced UBS as Remarketing Agent in April 2008.

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.

***2015 Interest Rates** (by quarter)*

Quarter	2003D1 BofA Index[11]	2009D1 BofA Weekly	2009D2 BofA Daily	2010C1 Barclay 2-Day[12]	2010C2 Barclay Weekly	2010D Wells Index	2011A Wells Index[13]	2011B PNC Index	CP 2 ML[14]	SIFMA
12-month Rolling Average	0.084%	-0.007%	-0.011%	0.010%	0.004%	0.086%	0.086%	0.086%	0.021%	0.041%
Jan 15 – Mar 15	0.102%	-0.009%	-0.011%	0.004%	-0.001%	0.102%	0.102%	0.102%	0.032%	0.021%
Apr 15 – Jun 15	0.055%	-0.005%	-0.012%	0.016%	0.006%	0.057%	0.057%	0.057%	-0.006%	0.075%
Jul 15 – Sep 15	0.112%	-0.007%	-0.014%	0.015%	0.011%	0.115%	0.115%	0.115%	n.a.	0.025%

***2004 – 2014 Historical All-in Costs** (annually)*

Year	2003 D-1[11]	2003 D-2[15]	2002 C[16]	2009 D1	2009 D2	2010 C1[12]	2010 C2	2010 D	2011 A[13]	CP 1	CP 2 (Tax)	CP A/2	SIFMA
2014	0.061%	n.a.	n.a.	-0.006%	-0.007%	0.003%	0.000%	0.060%	0.061%	n.a.	n.a.	0.040%	0.05%
2013	0.047%	n.a.	n.a.	-0.004%	-0.010%	-0.003%	-0.001%	0.046%	0.046%	n.a.	n.a.	0.144%	0.09%
2012	0.054%	n.a.	n.a.	0.021%	-0.017%	-0.007%	-0.001%	0.007%	0.008%	0.031%	n.a.	0.189%	0.16%
2011	0.055%	n.a.	n.a.	0.004%	-0.033%	-0.033%	-0.024%	-0.013%	n.a.	0.073%	n.a.	0.315%	0.17%
2010	0.063%	n.a.	0.092%	-0.014%	-0.000%	n.a.	n.a.	n.a.	n.a.	0.073%	0.252%	0.113%	0.26%
2009	0.040%	0.841%	1.193%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.474%	1.449%	0.581%	0.40%
2008	1.673%	0.860%	0.713%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.260%	-0.094%	2.21%
2007	0.239%	0.193%	0.091%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.739%	0.032%	3.62%
2006	-0.026%	-0.074%	-0.026%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-0.099%	3.54%
2005	-0.046%	-0.012%	0.037%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-0.084%	2.47%
2004	0.028%	0.005%	0.040%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-0.012%	1.24%

[11] 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.
[12] On September 22, 2015, the 2010C1 was converted from 2-day to weekly VRDOs.
[13] On October 1, 2015, the 2011A was converted from Wells Fargo Index Floaters to weekly VRDOs remarketed by RBC.
[14] On July 15, 2015, the Commercial Paper Two was refunded in its entirety.
[15] 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.
[16] Bank of America replaced UBS as Remarketing Agent in April 2008.

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) [17]	Fixed Rate
7/31/01	8/29/02	10/1/21	Bank of America	A2/A/A	$38.8	2011A-2	($4.4)	4.445%
6/15/06	10/1/09	10/1/39	JPMorgan Chase	Aa3/A+/A+	$173.9	2011A-3	($54.7)	4.099%
			Bank of America	A2/A/A	$100.6	2009D	($31.1)	
					$274.5	2010C2	($85.8)	
6/15/06	10/1/10	10/1/40	Wells Fargo	Aa3/AA-/AA-	$158.8	2010D	($51.8)	4.112%
9/12/07	10/1/11	10/1/39	Wells Fargo	Aa3/AA-/AA-	$118.7	2011A-1	($31.3)	3.862%
				Aggregate Swaps	$590.8		($173.3)	

The table below presents the all-in effective rate of the swaps. The 2002, 2010 and 2011 swaps hedge only index floaters (the 2011A was converted from index floaters to VRDOs on October 1, 2015 which will be reflected in next month's report). The 2009 swaps hedge both index floaters and VRDOs (separate all-in effective rates are presented for each). The interest rate paid on each of the index floaters is equal to 72 percent of LIBOR plus an agreed upon spread. The effective rate is therefore equal to the fixed swap rate plus the agreed upon spread (82 basis points on the 2011A Bonds and 32.5 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	$38.8	2011A-2 (Index Floaters)	4.445%	5.265%
10/1/09	$52.6	2011A-3 (Index Floaters)	4.099%	4.919%
10/1/09	$221.9	2009D&2010C2 (VRDOs)	4.099%	4.910%
10/1/10	$158.8	2010D (Index Floaters)	4.112%	4.437%
10/1/11	$118.7	2011A-1 (Index Floaters)	3.862%	4.682%

**The Effective Rate takes into account the agreed upon spread on index floaters and remarketing and bank facility costs on the VRDOs.*

[17] Amounts as of September 30, 2015; 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
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 of interest, 4.099 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. 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 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 following table represents the 72 percent of one-month LIBOR rate received from the counterparties, the average monthly interest rate on the hedged variable rate bonds paid by the Airports Authority (excludes hedged index 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 Index Floaters (the calculated effective rate does take into account the 2009A Bonds prior to their refinancing).

Hedged VRDOs and Swaps

Period	1-month LIBOR[18]	72% 1-month LIBOR	Average All-In Aggregate Interest Rate[19]	Average Fixed Swap Rate	Effective Interest Rate[20]	All-In Effective Rate to Date
9/1/15-10/1/15	0.20%	0.15%	0.75%	4.10%	4.70%	4.91%
8/1/15 – 9/1/15	0.20%	0.14%	0.75%	4.10%	4.71%	4.91%
7/1/15 – 8/1/15	0.19%	0.13%	0.77%	4.10%	4.74%	4.92%
6/1/15 – 7/1/15	0.19%	0.13%	0.80%	4.10%	4.77%	4.92%
5/1/15 – 6/1/15	0.18%	0.13%	0.84%	4.10%	4.80%	4.92%
4/1/15 – 5/1/15	0.18%	0.13%	0.78%	4.10%	4.75%	4.92%
3/1/15 – 4/1/15	0.18%	0.13%	0.75%	4.10%	4.72%	4.92%
2/1/15 – 3/1/15	0.17%	0.12%	0.75%	4.10%	4.73%	4.93%
1/1/15 – 2/1/15	0.17%	0.12%	0.75%	4.10%	4.73%	4.93%
Historical Data:						
1/1/14 - 1/1/15	0.16%	0.11%	0.78%	4.10%	4.77%	4.95%
1/1/13 - 1/1/14	0.19%	0.14%	0.78%	4.10%	4.74%	4.99%
1/1/12 - 1/1/13	0.24%	0.17%	0.82%	4.10%	4.75%	5.06%
1/1/11 - 1/1/12	0.23%	0.17%	0.87%	4.10%	4.80%	5.21%
1/1/10 - 1/1/11	0.27%	0.20%	1.41%	4.10%	5.31%	5.35%
10/1/09 – 1/1/10	0.24%	0.17%	1.59%	4.10%	5.52%	5.52%

[18] One-month LIBOR is weighted average of weekly one-month LIBOR as reset each Tuesday for a Thursday effective date.
[19] The 2009D-1 and 2010C-2 variable rate bonds are currently in a weekly mode, with interest rate resets each Wednesday for a Thursday effective date. The 2009D-2 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.
[20] 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.