

**SEPTEMBER 2017**  
**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. Expiring Bank Facilities
- III. Informational Items
  - A. None
- 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 Swaps

## I. EXECUTIVE SUMMARY

### **Action Items**

- *Expiring Bank Facilities.* The Airports Authority has two bank facilities that expire in 2017 - the \$152 million Series 2010D Wells Fargo Index Floaters expiring in September 2017 and the \$147 million Series 2011B PNC Index Floaters expiring in October 2017. The financing team has completed negotiations for the credit facilities. Under a separate agenda item, Finance staff will request that the Finance Committee approve and recommend to the Board the adoption of the proposed resolution of the credit facilities. Following Finance Committee and Board approval, the Airports Authority will close on the credit facilities.

### **Informational Items**

- None to report.

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## II. ACTION ITEMS

### (II.A) Expiring Bank Facilities

The Airports Authority has two bank facilities that expire in 2017 - the \$152 million Series 2010D Wells Fargo Index Floaters expiring in September 2017 and the \$147 million Series 2011B PNC Index Floaters expiring in October 2017.

<i>Bank Provider</i>	<i>Facility</i>	<i>Series</i>	<i>Amount (\$MM)</i>	<i>Rate</i>	<i>Expiration Date</i>
Wells Fargo	Index Floater	2010D	\$152.310	72% LIBOR + 32.5 bps	September 23, 2017
PNC	Index Floater	2011B	\$147.470	72% LIBOR + 32.0 bps	October 2, 2017

The financing team has completed negotiations for the credit facilities. Under a separate agenda item, Finance staff will request that the Finance Committee approve and recommend to the Board the adoption of the proposed resolution of the credit facilities. Following Finance Committee and Board approval, the Airports Authority will close on the credit facilities.

### **III. INFORMATIONAL ITEMS**

No Information Items to report this month.

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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 2017 are budgeted at \$356.7 million including construction and capitalized interest costs. Expenditures in July 2017 totaled \$6.0 million and in August 2017 totaled \$13.3 million, including capitalized interest expenditures.

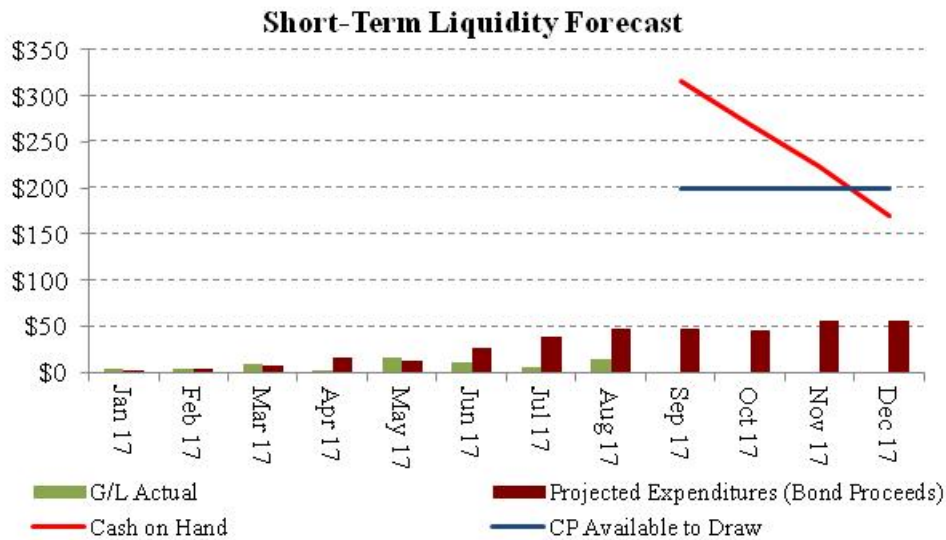
<b>2017 CCP Projections vs. Actuals</b>				
<b>(\$ millions)</b>				
	<i>General Ledger Actual</i>	<i>Original Projection</i>	<i>Variance</i>	<i>Variance (%)</i>
17-Jan	\$3.30	\$2.34	\$0.96	41.0%
17-Feb	4.60	4.41	0.19	4.3%
17-Mar	8.70	6.41	2.29	35.7%
17-Apr	2.70	15.10	(12.40)	(82.1%)
17-May	15.30	11.61	3.69	31.8%
17-Jun	10.70	26.80	(16.10)	(60.1%)
17-Jul	6.00	38.69	(32.69)	(84.5%)
17-Aug	13.30	46.49	(33.19)	(71.4%)
17-Sep		48.04		
17-Oct		44.92		
17-Nov		55.20		
17-Dec		56.71		
<b>2017 Totals (Thru August)</b>	\$64.60	\$151.85	(\$87.25)	(57.5%)

**(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.*

At the beginning of September 2017, the Airports Authority had \$316.7 million of cash-on-hand<sup>1</sup> 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-17	316.68	200.00	0.33	0.00	48.04
Oct-17	268.97	200.00	0.33	0.00	44.92
Nov-17	224.38	200.00	0.33	0.00	55.20
Dec-17	169.51	200.00	0.33	0.00	56.71



<sup>1</sup> Cash-on-hand includes proceeds of the Series 2014A, 2015B and 2017A Bonds and Funds 63 and 64.

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

In addition to approximately \$815.3 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 \$259.3 million represents approximately 5.6 percent of the Airports Authority’s \$4.6 billion of outstanding indebtedness.

#### *Gross Variable Rate Exposure*

<b>Fixed Rate Debt Percentage:</b>			
Fixed Rate Debt		\$3,801,755,000	
2009D VRDOs (Hedged)		119,725,000	
2010C2 VRDOs (Hedged)		93,420,000	
2010D Index Floater (Hedged)		152,310,000	
2011A VRDOs (Hedged)		190,500,000	
	<b>Fixed Rate</b>	<b>\$4,357,710,000</b>	<b>94.4%</b>
<b>Variable Rate Debt Percentage:</b>			
2003D Index Floater		55,900,000	
2010C1 VRDOs		55,950,000	
2011B Index Floater		147,470,000	
CP Notes		0	
	<b>Variable Rate</b>	<b>\$259,320,000</b>	<b>5.6%</b>
	<b>Combined Total</b>	<b>\$4,617,030,000</b>	<b>100.0%</b>

The Airports Authority’s current unrestricted cash balances of \$751.1 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 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 4.445 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 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. 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 3.862 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 swaps associated with the hedged VRDOs.



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

Major projects under construction at Reagan National include:

- MWAAC Corporate Office Building Relocation and Demolition
- Demolition of Hangars 11 & 12
- New North Concourse Enabling Projects
- New North Concourse
- Campus Utility and Central Plant Improvements
- 4-22 Runway Overlay and Taxiway K, P & B Resurfacing
- Terminal C Bag Room Renovations

Major projects under construction at Dulles International include:

- Police Firing Range & Training Facility
- Reconstruction of Taxiway C Middle Section & Taxiway Z South Section
- Parking Access and Revenue Control System (PARCS)

**Historical CCP Projections vs. Actuals (2001-2016) (\$millions)**

	<i>General Ledger Actual</i>	<i>Projection<sup>2</sup></i>	<i>Variance</i>	<i>Variance (%)</i>
2001 Totals	\$370.8	\$429.8	(\$58.9)	(13.7%)
2002 Totals	\$295.6	\$346.5	(\$50.9)	(14.7%)
2003 Totals	\$282.7	\$321.9	(\$39.2)	(12.2%)
2004 Totals	\$349.3	\$349.9	(\$0.6)	(0.2%)
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%)

<sup>2</sup> 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.

<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		Current		Tax Status	Coupon	Credit	
		Par Amount	Par Amount	Par Amount	Par Amount			Enhancement*	Purpose
2003D	10/01/03	150,000,000	55,900,000	AMT	Variable	Wells Fargo Index Floaters		New Money	
2008A	06/24/08	250,000,000	180,600,000	AMT	Fixed	None		New Money/CP Refunding	
2009B	04/01/09	236,825,000	211,825,000	Non-AMT	Fixed	BHAC (partial)		New Money	
2009C	07/02/09	314,435,000	275,155,000	Non-AMT	Fixed	None		Refund PFC Notes	
2009D**	07/02/09	136,825,000	119,725,000	Non-AMT	Variable	TD LOC		Refund PFC Notes	
2010A	07/28/10	348,400,000	314,190,000	Non-AMT	Fixed	None		New Money/OMP	
2010B	07/28/10	229,005,000	148,085,000	AMT	Fixed	None		Current Refunding	
2010C***	09/22/10	170,000,000	149,370,000	C1 (AMT), C2 (Non-AMT)	Variable	Sumitomo LOC		Current Refunding	
2010D**	09/22/10	170,000,000	152,310,000	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	190,500,000	AMT	Variable	RBC LOC		New Money/Current Refunding	
2011B	09/21/11	207,640,000	147,470,000	AMT	Variable	PNC Index Floaters		New Money/Current Refunding	
2011C	09/29/11	185,390,000	147,730,000	AMT	Fixed	None		Current Refunding	
2011D	09/29/11	10,385,000	8,440,000	Non-AMT	Fixed	None		Current Refunding	
2012A	07/03/12	291,035,000	287,960,000	AMT	Fixed	None		Current Refunding	
2012B	07/03/12	20,790,000	10,745,000	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	24,850,000	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	504,090,000	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	272,460,000	AMT	Fixed	None		New Money/Current Refunding	
2015C	07/15/15	35,975,000	33,165,000	Non-AMT	Fixed	None		Current Refunding/CP Takeout	
2015D	07/15/15	30,490,000	30,490,000	Taxable	Fixed	None		Current Refunding	
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	522,135,000	AMT	Fixed	None		New Money/Current Refunding	
<b>Total</b>		<b>5,218,690,000</b>	<b>4,617,030,000</b>						

\* Approximately 2% 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.

\*\*\* \$93.4 million of the Series 2010C is subject to a floating-to-fixed rate swap.

As % of Total Portfolio	
Insurer	Percentage
BHAC	2.4%
Uninsured	97.6%

As % of Insured Portfolio	
Insurer	Percentage
BHAC	100.0%

TIC of Fixed Rate Debt
4.22%

**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.<sup>4</sup>

**Refunding Candidates – AMT**

There are no current refunding opportunities at this time.

The Series 2008A, 2009B and 2009C 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.

<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>
2008A AMT	\$159,630,000 ( '19-'29)	5.00%-5.75%	10/01/18	0% (at par)	\$22.8 mm 14.3%
2009B PAB	\$183,295,000 ( '20-'29)	4.125%-5.25%	10/01/19	0% (at par)	\$20.5 mm 11.2%
2009C PAB	\$254,245,000 ( '20-'39)	4.50%-5.625%	10/01/18	0% (at par)	\$40.8 mm 16.1%

**Refunding Candidates – Taxable**

There are no taxable refunding candidates at this time.<sup>5</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 Minimum PV % Savings</b>	<b>Non-Traditional Financing Products Minimum PV % 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 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.

<sup>5</sup> 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.

**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</i>	<i>0.05%</i>
<i>Wells Fargo</i>	<i>Index Floater: 2003 D1 Bonds</i>	<i>\$55.900</i>	<i>None</i>
<i>BofA Merrill Lynch</i>	<i>VRDO: 2009D Bonds**</i>	<i>\$119.725</i>	<i>0.06–0.08%</i>
<i>Barclays</i>	<i>VRDO: 2010C Bonds</i>	<i>\$149.370</i>	<i>0.06%</i>
<i>Wells Fargo</i>	<i>Index Floater: 2010D Bonds</i>	<i>\$152.310</i>	<i>None</i>
<i>RBC</i>	<i>VRDO: 2011A Bonds</i>	<i>\$190.500</i>	<i>0.06%</i>
<i>PNC</i>	<i>Index Floater: 2011B Bonds</i>	<i>\$147.470</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>Wells Fargo</i>	<i>Index Floater</i>	<i>2003 D1</i>	<i>\$55.900</i>	<i>31.5*</i>	<i>October 1, 2018</i>
<i>TD Bank</i>	<i>LOC</i>	<i>2009 D VRDO</i>	<i>\$119.725</i>	<i>35.0</i>	<i>February 28, 2021</i>
<i>Sumitomo</i>	<i>LOC</i>	<i>2010 C VRDO</i>	<i>\$149.370</i>	<i>34.0</i>	<i>September 21, 2020</i>
<i>Wells Fargo</i>	<i>Index Floater</i>	<i>2010 D</i>	<i>\$152.310</i>	<i>32.5*</i>	<i>September 23, 2017</i>
<i>RBC</i>	<i>LOC</i>	<i>2011A VRDO</i>	<i>\$190.500</i>	<i>27.0</i>	<i>September 28, 2018</i>
<i>PNC</i>	<i>Index Floater</i>	<i>2011B</i>	<i>\$147.470</i>	<i>32.0*</i>	<i>October 2, 2017</i>

*\* 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 spreads to SIFMA including credit and remarketing fees.

**2017 Interest Rates (quarterly)**

Quarter	2003D1 Wells Index <sup>6</sup>	2009D1 BoA Weekly	2009D2 BoA Daily	2010C1 Barclay Weekly <sup>7</sup>	2010C2 Barclay Weekly	2010D Wells Index	2011A RBC Weekly <sup>8</sup>	2011B PNC Index	CP 2 ML <sup>9</sup>	SIFMA
12-month Rolling Average	0.176%	0.404%	0.357%	0.419%	0.407%	0.206%	0.355%	0.200%	--	0.738%
Jan 17 – Mar 17	0.196%	0.392%	0.367%	0.412%	0.402%	0.233%	0.349%	0.228%	--	0.677%
Apr 17 – Jun 17	0.202%	0.407%	0.366%	0.415%	0.406%	0.237%	0.358%	0.232%	--	0.837%
Jun 17 – Aug 17	0.345%	0.407%	0.348%	0.423%	0.404%	0.377%	0.363%	0.372%	--	0.811%

**2004 – 2016 Historical Interest Rates (annually)**

Year	2003D1	2009D1	2009D2	2010C1	2010C2	2010D	2011A	2011B	CP 2	SIFMA
2016	0.245%	0.431%	0.421%	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>6</sup> 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>7</sup> On September 22, 2015, the 2010C1 was converted from 2-day to weekly VRDOs.

<sup>8</sup> On October 1, 2015, the 2011A was converted from Wells Fargo Index Floaters to weekly VRDOs remarketed by RBC.

<sup>9</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.

**2017 Interest Rates (quarterly)**

Quarter	2003D1 Wells Index <sup>10</sup>	2009D1 BofA Weekly	2009D2 BofA Daily	2010C1 Barclay Week <sup>11</sup>	2010C2 Barclay Weekly	2010D Wells Index	2011A RBC Week <sup>12</sup>	2011B PNC Index	CP 2 ML <sup>13</sup>	SIFMA
12-month Rolling Average	-0.139%	-0.006%	-0.073%	0.019%	0.007%	-0.119%	0.025%	-0.120%	--	0.738%
Jan 17 – Mar 17	-0.119%	-0.018%	-0.063%	0.012%	0.002%	-0.092%	0.019%	-0.092%	--	0.677%
Apr 17– Jun 17	-0.113%	-0.003%	-0.064%	0.015%	0.006%	-0.088%	0.028%	-0.088%	--	0.837%
Jun 17 – Aug 17	0.030%	-0.003%	-0.082%	0.023%	0.004%	0.052%	0.033%	0.052%	--	0.811%

**2004 – 2016 Historical Interest Rates (annually)**

Year	2003D1	2009D1	2009D2	2010C1	2010C2	2010D	2011A	2011B	CP 2	SIFMA
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>10</sup> 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>11</sup> On September 22, 2015, the 2010C1 was converted from 2-day to weekly VRDOs.

<sup>12</sup> On October 1, 2015, the 2011A was converted from Wells Fargo Index Floaters to weekly VRDOs remarketed by RBC.

<sup>13</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 Moody's/S&P/ Fitch	Outstanding Notional Amount (\$millions)	Hedged Series	Current Termination Value (\$millions) <sup>14</sup>	Fixed Rate
07/31/01	08/29/02	10/01/21	Bank of America	A1/A+/A+	\$29.0	2011A-2	(\$2.2)	4.445%
06/15/06	10/01/09	10/01/39	JPMorgan Chase Bank of America	Aa3/A+/AA- A1/A+/A+	\$166.3 <u>\$96.2</u> \$262.5	2011A-3 2009D 2010C2	(\$49.4) <u>(\$28.0)</u> (\$77.4)	4.099%
06/15/06	10/01/10	10/01/40	Wells Fargo	Aa2/AA-/AA	\$152.3	2010D	(\$47.3)	4.112%
09/12/07	10/01/11	10/01/39	Wells Fargo	Aa2/AA-/AA	<u>\$112.1</u>	2011A-1	<u>(\$27.7)</u>	3.862%
<b>Aggregate Swaps</b>					\$555.9		(\$154.5)	

The table below presents the all-in effective rate of the swaps. The 2010 Swap hedges only Index Floaters. The interest rate paid on 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 (32.5 basis points on the 2010D Bonds). Exhibit D-2 represents the monthly performance and all-in effective rate of the 2002, 2009 and 2011 Swaps in relation to the hedged VRDOs.

Effective Date	Notional Amount (\$millions)	Hedged Series	Fixed Rate	All-In Effective Rate*
8/29/02	\$34.0	2011A-2 (VRDOs)	4.445%	4.811%
10/1/09	\$268.6	2011A-3,2009D,2010C2 (VRDOs)	4.099%	4.815%
10/1/10	\$155.6	2010D (Index Floaters)	4.112%	4.437%
10/1/11	\$115.5	2011A-1 (VRDOs)	3.862%	4.238%

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

<sup>14</sup> Amounts as of August 31, 2017; 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) 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 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) 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 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 (the calculated effective rate does take into account the 2009A Bonds prior to their refinancing). On October 1, 2015, the Series 2011A-3 was converted from Index Floaters to VRDOs.

**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 VRDOs and Swaps

Month	2002 Swap (Rate 4.445%)			2009 Swap (Rate 4.099%)			2011 Swap (Rate 3.862%)				
	1-M LIBOR <sup>15</sup>	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	Average All-In Interest Rate	Effective Interest Rate	All-In Effective Rate to Date
Jan 2017	0.77%	0.55%	1.02%	4.91%	4.80%	1.05%	4.60%	4.84%	1.02%	4.33%	4.23%
Feb 2017	0.78%	0.56%	0.99%	4.88%	4.80%	1.02%	4.57%	4.84%	0.99%	4.30%	4.23%
Mar 2017	0.90%	0.64%	1.07%	4.87%	4.81%	1.10%	4.56%	4.83%	1.07%	4.29%	4.24%
Apr 2017	0.99%	0.71%	1.25%	4.98%	4.82%	1.29%	4.67%	4.83%	1.25%	4.40%	4.24%
May 2017	1.00%	0.72%	1.18%	4.90%	4.82%	1.19%	4.57%	4.83%	1.18%	4.32%	4.25%
Jun 2017	1.14%	0.82%	1.16%	4.79%	4.82%	1.20%	4.48%	4.82%	1.16%	4.21%	4.25%
Jul 2017	1.23%	0.88%	1.20%	4.76%	4.82%	1.21%	4.42%	4.82%	1.20%	4.18%	4.24%
Aug 2017	1.23%	0.89%	1.16%	4.72%	4.81%	1.17%	4.38%	4.82%	1.16%	4.14%	4.24%

#### Historical Data:

2016	0.49%	0.35%	0.75%	4.82%	4.67%	0.81%	4.54%	4.84%	0.76%	4.26%	4.09%
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%	--	--	--

<sup>15</sup> One-month LIBOR is weighted average of weekly one-month LIBOR as reset each Tuesday for a Thursday effective date.