

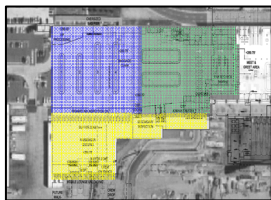
**NOTICE OF OPPORTUNITY FOR PUBLIC COMMENT
RELATED TO
PASSENGER FACILITY CHARGE APPLICATION AMENDMENT
FOR RONALD REAGAN WASHINGTON NATIONAL AIRPORT**

The Metropolitan Washington Airports Authority (the Authority) is hereby providing an opportunity for the public to comment until July 24, 2008 on the Authority's application to amend Passenger Facility Charge (PFC) application 07-08-C-00-DCA for Ronald Reagan Washington National Airport (Reagan National) to change the Financing Plan to \$40 million Bond Capital and \$60 million "Pay-As-You-Go" from \$100 million "Pay-As-You-Go". This notice is provided in accordance with Federal Aviation Administration (FAA) order 5500-1.

The FAA approved Application #07-08-C-00-DCA to impose PFCs at Reagan National to use for a project at Dulles on April 16, 2008. The expansion of the Dulles International Arrivals Building (IAB) project cost is \$204,914,400. The Authority proposes to amend its application to use \$100 million of PFCs for project costs paid initially through Bond Capital (the PFC Notes¹) and \$24,914,400 for interest cost. The original application indicated that the \$100 million would be Pay-As-You-Go funds. As indicated in the original application the project will significantly enhance the ability to support future development at the Airport, accommodate the growth in both domestic and international operations and passenger movements, increase capacity and reduce delays, as well as provide the necessary improvements to support and enhance a high level of service for the traveling public. The Dulles IAB project provides a significant contribution to the demand for international traffic at Dulles and provides needed space for security processing.

The proposed effective date for this application will be January 16, 2011. The estimated expiration date for collection of PFCs at Reagan National will be March 1, 2015. The Authority plans to continue to impose PFCs at Reagan National in the amount of \$4.50 per enplanement. The Authority plans to continue the termination protection approved with application 07-08-C-00-DCA for the amounts outstanding in Bond Capital (the PFC Notes). The Authority is required to maintain debt service coverage, on its PFC notes, of 1.35 to obtain the most favored interest rates. The Authority estimates that its debt service coverage ratios will be over 1.5 for the entire time the PFC notes are outstanding.

PROJECT DESCRIPTION:



This project allows for the design and construction for the expansion of the IAB. This expansion will allow for the faster processing of incoming international passengers by providing additional Immigration and Naturalization Service (INS) inspection booths and baggage handling systems. This project will also fund a baggage basement area, as well as the rehabilitation and addition of restrooms and office spaces.

PROJECT JUSTIFICATION: As the number of international passengers increases, so does the demand on the IAB. The existing IAB, while designed to accommodate 2,000 peak hour international arriving passengers, is very constrained due to changes in Customs and Border Patrol (CBP) passenger and baggage processing protocols. Peak hour passengers' levels are currently at 1,560 passengers. Queue times for primary inspection exceeds 20

¹ Amended and Restated Credit and Note Syndication Agreement, November 16, 2005,

minutes and total processing times exceed 45 minutes. Based on criteria set forth by the International Air Transport Association (IATA), five of six claim devices operate below industry standards. This project is anticipated to meet 2015 to 2018 demand initially but configures the IAB for future westward expansion to accommodate the peak international arriving passenger demand beyond 2025.

This expansion project includes a westerly expansion of the passenger processing level as well as the baggage basement level. The passenger processing level portion will include: a new Mobile Lounge dock; a new passport control/immigration inspection hall with up to 50 INS booths; four new large baggage claim units (240 and 320 linear feet) with two re-configured units (340 linear feet); required office and administration space to meet CBP requirements. The baggage basement level portion will include; additional inbound baggage loading belts to feed the new baggage claim units; additional space to serve international airline baggage operations; mechanical space to serve the expansion.

SIGNIFICANT CONTRIBUTION: This expansion project is anticipated to meet 2015 to 2018 demand initially but configures the IAB for future westward expansion to accommodate the peak international arriving passenger demand beyond 2025. Although this facility was initially designed to accommodate 2,000 peak hour international arriving passengers, unfortunately this facility does not provide that level of service; Security regulations and changes in the CBP passenger and baggage processing protocols have drastically reduced its capacity.

This project will also promote competition with other east coast airports. Dulles is the second busiest trans-Atlantic gateway on the eastern seaboard. With trans-Atlantic passenger traffic forecasted to increase expansion of this facility is crucial. Three of Dulles' international carriers Air France, Lufthansa, and Virgin Atlantic are scheduled to begin operation of the A-380 aircraft within the next two years. This aircraft, fully loaded, will carry between 555 to 630 passengers depending on the air carriers' configuration. The arrival of this aircraft will significantly impact the current operation of this facility by further increasing processing times and further overburdening an already inefficient baggage handling system.

PROJECT OBJECTIVE: The expansion of the IAB will significantly increase capacity and passenger flow in the IAB. Due to new Federal security regulations and CBP passenger and baggage processing protocols, the operational design of this facility has been severely compromised. This expansion project is anticipated to meet 2015 to 2018 demand initially but configures the IAB for future westward expansion to accommodate the peak international arriving passenger demand beyond 2025. This project will also allow Dulles to remain competitive with the international market and enhance the level of service provided to international passengers.

Comments or requests for more information about the PFC application amendment or for a more detailed project justification or justification documents should be sent to: E. Lynn Hampton (lynn.hampton@mwa.com), Chief Financial Officer & Vice President or Diane L. Lary (diane.lary@mwa.com), Financial Technician, 1 Aviation Circle, Washington, DC 20001-6000. All comments received before July 25, 2008, will be considered by the Authority and a copy of the comments will be forwarded with the application to the FAA.

ESTIMATED PROJECT IMPLEMENTATION DATE: **February 2008**
ESTIMATED PROJECT COMPLETION DATE: **June 2011**