



REPORT TO THE FINANCE COMMITTEE

Information on Investment Policy

September 2018



Purpose of an Investment Policy

- Defines the parameters within which funds and reserves are to be managed
- Formalizes the framework for the investment activities to ensure effective and judicious fiscal and investment management of funds

General Objectives of an Investment Policy

- Safety – Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio
- Liquidity – An investment portfolio shall remain sufficiently liquid to meet all requirements that may be reasonably anticipated
- Return – An investment portfolio shall be designed with the objective of attaining a market rate of return, taking into account the investment risk constraints of safety and liquidity



GFOA's Best Practices: Standards of Care

- Prudence – Investments shall be made with judgment and care, not for speculation, but for investment, considering the probable safety of capital as well as the probable income to be derived
- Ethics and Conflicts of Interest – Investment officials shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions
- Delegation of Authority – Responsibility for the operation of the investment program is delegated to the investment officer, who shall act in accordance with the established written procedures and internal controls for the operation of the investment program consistent with the investment policy



GFOA's Best Practices: Investment Management

- Diversification – To eliminate risk of loss resulting from overconcentration of assets in a specific maturity, issuer, or class of securities
- Maturities – To the extent possible, attempt to match investments with anticipated cash flow requirements
- Competitive Bids – Obtain multiple competitive bids on all purchases and sales of investment instruments transacted on the secondary market



GFOA's Best Practices: Reporting

- Methods – The investment officer shall prepare an investment report quarterly, including a summary of the analysis of the status of the investment portfolio
- Performance Standards – Benchmarks shall be established against which portfolio performance shall be compared
- Market Value – The market value of the investment portfolio shall be calculated at least quarterly



The Airports Authority's Investment Policy

- The Airports Authority's Investment Policy complies with GFOA's "best practices" for investment policies
- The current policy provides the investment parameters for operating and capital program funds, which require a short-term investment strategy for safety and liquidity purposes due to the nature of the cash flow requirements
- The Investment Policy outlines permitted investments for 1) proceeds under the bond trust indentures for Aviation and Dulles Corridor Enterprises, 2) proceeds of the TIFIA loan, and 3) funds not covered by the bond trust indentures
- The parameters in the Investment Policy are also similar to other large hub airports and other large public transportation entities



Proposed Amendments to the Investment Policy

- Staff and the Financial Advisor have reviewed the current Investment Policy to identify any routine updates, as well as policy amendments to be considered for longer-term investment of funds to be deposited to the Western Lands account
- Recommended amendments to the Investment Policy will be presented in a separate agenda item



Questions?



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SEPTEMBER 2018
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. Underwriter Selection Process
 - B. Investment Policy Review
- 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 2018 - the \$53.8 million Wells Fargo Index Floaters on October 1, 2018 and the \$180.0 million RBC Letter of Credit on September 28, 2018. The financing team has completed negotiations for the new 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 new credit facilities. Following Finance Committee and Board approval, the Airports Authority will close on the new credit facilities.

Informational Items

- ➔ ***Underwriter Selection Process.*** At the October Board meeting, Finance staff plans to seek concurrence from the Finance Committee to issue a Request for Proposals (RFP) seeking qualified firms to establish a pool of underwriters and to select syndicates for the 2019 transactions.
- ➔ ***Investment Policy Review.*** The Financial Advisor and Staff are prepared to provide an overview of the Investment Policy. Separate slides are provided.

II. ACTION ITEMS

(II.A) Expiring Bank Facilities

The \$53.8 million Wells Fargo Index Floaters expire on October 1, 2018 and the \$180.0 million RBC Letter of Credit expires on September 28, 2018.

<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	2003 D1	\$53.825	38.0*	October 1, 2018
RBC	LOC	2011A VRDO	\$180.020	27.0	September 28, 2018

* Fixed spread to 80 percent of LIBOR Index

The financing team has completed negotiations for the new 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 new credit facilities. Following Finance Committee and Board approval, the Airports Authority will close on the new credit facilities.

III. INFORMATIONAL ITEMS

(III.A) Underwriter Selection Process

At the October Board meeting, Finance staff plans to seek concurrence from the Finance Committee to issue an RFP seeking qualified firms to establish a pool of underwriters and to select syndicates for the 2019 transactions.

(III.B) Investment Policy Review

The Financial Advisor and Staff are prepared to provide an overview of the Investment Policy. Separate slides are provided.

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 2018 are budgeted at \$342.7 million including construction and capitalized interest costs. Expenditures in July 2018 totaled \$8.5 million. At the time of the writing of this report, expenditures for August 2018 were not available.

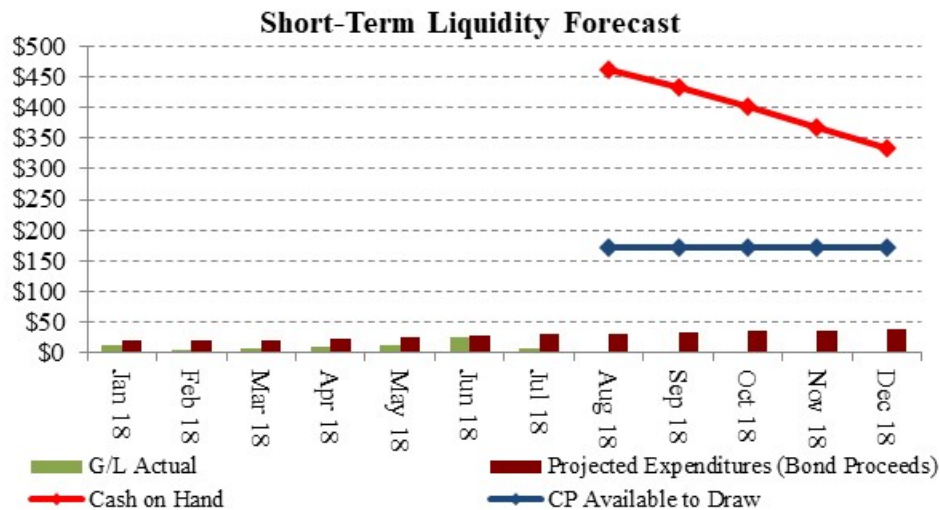
2018 CCP Projections vs. Actuals (\$ millions)				
	<i>General Ledger Actual</i>	<i>Original Projection</i>	<i>Variance</i>	<i>Variance (%)</i>
18-Jan	\$13.30	\$19.39	(\$6.09)	(31.4%)
18-Feb	5.30	19.25	(13.95)	(72.5%)
18-Mar	8.50	20.56	(12.06)	(58.7%)
18-Apr	10.60	23.50	(12.90)	(54.9%)
18-May	11.40	25.63	(14.23)	(55.5%)
18-Jun	26.20	28.54	(2.34)	(8.2%)
18-Jul	8.50	30.28	(21.78)	(71.9%)
18-Aug		31.48		
18-Sep		32.57		
18-Oct		35.90		
18-Nov		37.13		
18-Dec		38.43		
2018 Totals (Thru July)	\$83.80	\$198.63	(\$83.35)	(42.0%)

(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 August 2018, the Airports Authority had \$462.6 million of cash-on-hand¹ and \$200 million of additional available liquidity in the form of undrawn CP Series Two capacity. At the time of the writing of this report, cash-on-hand for the beginning of September 2018 was not available.

Short-term Liquidity Forecast (\$ millions)					
Beginning of Month	Cash Available	CP Available to Draw (End Bal)	PFCs	Grants	Projected Expenditures
Aug-18	462.57	200.00	0.00	1.93	31.48
Sep-18	433.02	200.00	0.00	1.93	32.57
Oct-18	402.38	200.00	0.00	1.93	35.90
Nov-18	368.42	200.00	0.00	1.93	37.13
Dec-18	333.22	200.00	0.00	1.93	38.43



¹ Cash-on-hand includes proceeds of the Series 2015, 2017A and 2018A Bonds and Funds 63 and 64.

(IV.C) Variable Rate Programs

In addition to approximately \$778.7 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 \$241.4 million represents approximately 5.2 percent of the Airports Authority’s \$4.6 billion of outstanding indebtedness.

Gross Variable Rate Exposure

Fixed Rate Debt Percentage:			
Fixed Rate Debt	\$3,837,905,000		
2009D VRDOs (Hedged)	116,785,000		
2010C2 VRDOs (Hedged)	91,665,000		
2010D Index Floater (Hedged)	148,840,000		
2011A VRDOs (Hedged)	180,020,000		
Fixed Rate	\$4,375,215,000		94.8%
Variable Rate Debt Percentage:			
2003D Index Floater	53,825,000		
2010C1 VRDOs	53,875,000		
2011B Index Floater	133,715,000		
CP Notes	0		
Variable Rate	\$241,415,000		5.2%
Combined Total	\$4,616,630,000		100.0%

The Airports Authority’s current unrestricted cash balances of \$923.5 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 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. Starting in February 2018, the Index Floaters were amended to 80 percent of LIBOR plus 37 basis points. **Exhibit D-2** provides the historical monthly cash flow of the 2010 swaps 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 swaps associated with the hedged VRDOs.

Exhibit A
Airports Authority's CCP

Major projects under construction at Reagan National include:

- New North Concourse Enabling Projects
- New North Concourse
- Campus Utility and Central Plant Improvements
- 4-22 Runway Overlay and Taxiway K, P & B Resurfacing
- Sanitary Sewer Main Reconstruction – Terminal C to North Pump Station
- Terminal C Bag Room Renovations
- Secure National Hall
- Secure National Hall Enabling Projects

Major projects under construction at Dulles International include:

- Reconstruction of Taxiway J
- IAD Taxilane B Reconstruction and Widening, West Section
- IAD Taxilane B Reconstruction and Widening, Middle Section
- Parking Access and Revenue Control System (PARCS)
- Hydrant Fueling Cathodic Protection

Historical CCP Projections vs. Actuals (2003-2017) (\$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%)

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		Current		Tax Status	Coupon	Credit	
		Par Amount	Par Amount	Par Amount	Par Amount			Enhancement*	Purpose
2003D	10/01/03	150,000,000	53,825,000	AMT	Variable	Wells Fargo Index Floaters		New Money	
2008A	06/24/08	250,000,000	8,140,000	AMT	Fixed	None		New Money/CP Refunding	
2009B	04/01/09	236,825,000	204,605,000	Non-AMT	Fixed	BHAC (partial)		New Money	
2009C	07/02/09	314,435,000	14,265,000	Non-AMT	Fixed	None		Refund PFC Notes	
2009D**	07/02/09	136,825,000	116,785,000	Non-AMT	Variable	TD LOC		Refund PFC Notes	
2010A	07/28/10	348,400,000	309,345,000	Non-AMT	Fixed	None		New Money/OMP	
2010B	07/28/10	229,005,000	132,130,000	AMT	Fixed	None		Current Refunding	
2010C***	09/22/10	170,000,000	145,540,000	C1 (AMT), C2 (Non-AMT)	Variable	Sumitomo LOC		Current Refunding	
2010D**	09/22/10	170,000,000	148,840,000	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	180,020,000	AMT	Variable	RBC LOC		New Money/Current Refunding	
2011B	09/21/11	207,640,000	133,715,000	AMT	Variable	U.S. Bank Index Floaters		New Money/Current Refunding	
2011C	09/29/11	185,390,000	139,320,000	AMT	Fixed	None		Current Refunding	
2011D	09/29/11	10,385,000	8,020,000	Non-AMT	Fixed	None		Current Refunding	
2012A	07/03/12	291,035,000	277,780,000	AMT	Fixed	None		Current Refunding	
2012B	07/03/12	20,790,000	7,315,000	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	21,145,000	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	482,435,000	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	266,050,000	AMT	Fixed	None		New Money/Current Refunding	
2015C	07/15/15	35,975,000	30,625,000	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	517,975,000	AMT	Fixed	None		New Money/Current Refunding	
2018A	07/03/18	558,430,000	558,430,000	AMT	Fixed	None		New Money/Current Refunding	
Total		5,777,120,000	4,616,630,000						

* 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	2.3%
Uninsured	97.7%

As % of Insured Portfolio	
Insurer	Percentage
BHAC	100.0%

Average Fixed Rate Debt
3.94%

**Exhibit B-2
Airport System Revenue Bonds
Refunding Monitor**

Refunding Candidates – Governmental Purpose

There are no Governmental Purpose refunding candidates at this time.⁴

Refunding Candidates – Private Activity

There are no current refunding opportunities at this time.

The Series 2009B 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>
2009B Non-AMT PAB	\$183,295,000 ('20-'29)	4.125%-5.25%	10/01/19	0% (at par)	\$19.6 mm 10.7%

Refunding Candidates – Taxable

There are no taxable refunding candidates at this time.⁵

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%

⁴ 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 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.

⁵ 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>\$53.825</i>	<i>None</i>
<i>BofA Merrill Lynch</i>	<i>VRDO: 2009D Bonds**</i>	<i>\$116.785</i>	<i>0.06–0.08%</i>
<i>Barclays</i>	<i>VRDO: 2010C Bonds</i>	<i>\$145.540</i>	<i>0.06%</i>
<i>Wells Fargo</i>	<i>Index Floater: 2010D Bonds</i>	<i>\$148.840</i>	<i>None</i>
<i>RBC</i>	<i>VRDO: 2011A Bonds</i>	<i>\$180.020</i>	<i>0.06%</i>
<i>U.S. Bank</i>	<i>Index Floater: 2011B Bonds</i>	<i>\$133.715</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>\$53.825</i>	<i>38.0*</i>	<i>October 1, 2018</i>
<i>TD Bank</i>	<i>LOC</i>	<i>2009 D VRDO</i>	<i>\$116.785</i>	<i>35.0</i>	<i>February 28, 2021</i>
<i>Sumitomo</i>	<i>LOC</i>	<i>2010 C VRDO</i>	<i>\$145.540</i>	<i>34.0</i>	<i>September 21, 2020</i>
<i>Wells Fargo</i>	<i>Index Floater</i>	<i>2010 D</i>	<i>\$148.840</i>	<i>37.0*</i>	<i>September 22, 2020</i>
<i>RBC</i>	<i>LOC</i>	<i>2011A VRDO</i>	<i>\$180.020</i>	<i>27.0</i>	<i>September 28, 2018</i>
<i>U.S. Bank</i>	<i>Index Floater</i>	<i>2011B</i>	<i>\$133.715</i>	<i>36.0**</i>	<i>April 1, 2020</i>

** Fixed spread to 80 percent of LIBOR Index*

*** Fixed spread to 83 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. At the time of the writing of this report, variable interest rates for August 2018 were not available.

2018 Interest Rates (quarterly)

Quarter	2003D1 Wells Index ⁶	2009D1 BoA Weekly	2009D2 BoA Daily	2010C1 Barclays Weekly ⁷	2010C2 Barclays Weekly	2010D Wells Index	2011A RBC Weekly ⁸	2011B US Bank Index	CP 2 ML ⁹	SIFMA
12-month Rolling Average	0.436%	0.397%	0.356%	0.417%	0.397%	0.424%	0.363%	0.458%	--	1.148%
Jan 18 – Mar 18	0.493%	0.409%	0.355%	0.424%	0.400%	0.509%	0.365%	0.504%	--	1.206%
Apr 18 – Jun 18	0.452%	0.388%	0.347%	0.418%	0.387%	0.494%	0.359%	0.486%	--	1.466%
May 18 – Jul 18	0.721%	0.368%	0.265%	0.404%	0.373%	0.732%	0.366%	0.758%	--	1.254%

2004 – 2017 Historical Interest Rates (annually)

Year	2003D1	2009D1	2009D2	2010C1	2010C2	2010D	2011A	2011B	CP 2	SIFMA
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%

⁶ 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.

⁷ On September 22, 2015, the 2010C1 was converted from 2-day to weekly VRDOs.

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

⁹ 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. At the time of the writing of this report, variable interest rates for August 2018 were not available.

2018 Interest Rates (quarterly)

Quarter	2003D1 Wells Index ¹⁰	2009D1 BofA Weekly	2009D2 BofA Daily	2010C1 Barclays Week ¹¹	2010C2 Barclays Weekly	2010D Wells Index	2011A RBC Week ¹²	2011B US Bank Index	CP 2 ML ¹³	SIFMA
12-month Rolling Average	0.083%	-0.013%	-0.074%	0.017%	-0.003%	0.081%	0.033%	0.120%	--	1.148%
Jan 18 – Mar 18	0.113%	-0.001%	-0.075%	0.024%	0.000%	0.141%	0.035%	0.143%	--	1.206%
Apr 18 – Jun 18	0.072%	-0.022%	-0.083%	0.018%	-0.013%	0.124%	0.029%	0.126%	--	1.466%
May 18 – Jul 18	0.341%	-0.042%	-0.165%	0.004%	-0.027%	0.362%	0.036%	0.398%	--	1.254%

2004 – 2017 Historical Interest Rates (annually)

Year	2003D1	2009D1	2009D2	2010C1	2010C2	2010D	2011A	2011B	CP 2	SIFMA
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%

¹⁰ 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.

¹¹ On September 22, 2015, the 2010C1 was converted from 2-day to weekly VRDOs.

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

¹³ 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. At the time of the writing of this report, swap valuations for August 2018 were not available.

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) ¹⁴	Fixed Rate
07/31/01	08/29/02	10/01/21	Bank of America	Aa3/A+/A+	\$23.8	2011A-2	(\$1.0)	4.445%
06/15/06	10/01/09	10/01/39	JPMorgan Chase Bank of America	Aa3/A+/AA- Aa3/A+/A+	\$162.2 <u>\$93.9</u> \$256.1	2011A-3 2009D 2010C2	(\$33.8) <u>(\$19.1)</u> (\$52.9)	4.099%
06/15/06	10/01/10	10/01/40	Wells Fargo	Aa2/A+/AA-	\$148.8	2010D	(\$32.6)	4.112%
09/12/07	10/01/11	10/01/39	Wells Fargo	Aa2/A+/AA-	<u>\$108.6</u>	2011A-1	<u>(\$18.1)</u>	3.862%
Aggregate Swaps					\$537.3		(\$104.6)	

¹⁴ Amounts as of July 31, 2018; 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. At the time of the writing of this report, swap rates for August 2018 were not available.

Hedged Variable Rate Debt and Swaps

Month	1-M LIBOR ¹⁵	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 2018	1.56%	1.12%	1.68%	5.01%	4.82%	1.66%	4.63%	4.80%
Feb 2018	1.58%	1.14%	1.40%	4.70%	4.82%	1.43%	4.38%	4.80%
Mar 2018	1.77%	1.27%	1.61%	4.78%	4.82%	1.67%	4.49%	4.80%
Apr 2018	1.89%	1.36%	2.07%	5.16%	4.83%	2.11%	4.85%	4.80%
May 2018	1.93%	1.39%	1.79%	4.84%	4.83%	1.75%	4.45%	4.79%
Jun 2018	2.05%	1.47%	1.63%	4.60%	4.82%	1.67%	4.29%	4.79%
Jul 2018	2.08%	1.50%	1.44%	4.39%	4.81%	1.38%	3.98%	4.78%

Historical Data:

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%

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

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 2018	1.56%	1.12%	1.73%	4.72%	4.72%	1.68%	4.42%	4.25%
Feb 2018	1.58%	1.14%	1.64%	4.61%	4.67%	1.40%	4.12%	4.24%
Mar 2018	1.77%	1.27%	1.78%	4.62%	4.65%	1.61%	4.20%	4.24%
Apr 2018	1.89%	1.36%	1.88%	4.63%	4.65%	2.07%	4.57%	4.25%
May 2018	1.93%	1.39%	1.92%	4.64%	4.64%	1.79%	4.26%	4.25%
Jun 2018	2.05%	1.47%	2.01%	4.65%	4.65%	1.63%	4.02%	4.25%
Jul 2018	2.08%	1.50%	2.03%	4.65%	4.65%	1.44%	3.80%	4.23%

Historical Data:

2017	1.10%	0.79%				1.20%	4.27%	4.24%
2016	0.49%	0.35%				0.76%	4.26%	4.09%