

# San Diego County Regional Airport Authority



## Financial Update for Six Months Ended December 31, 2012

Presented by:

Vernon D. Evans, CPA

Vice President, Finance / Treasurer & CFO

Kathy Kiefer

Director, Accounting

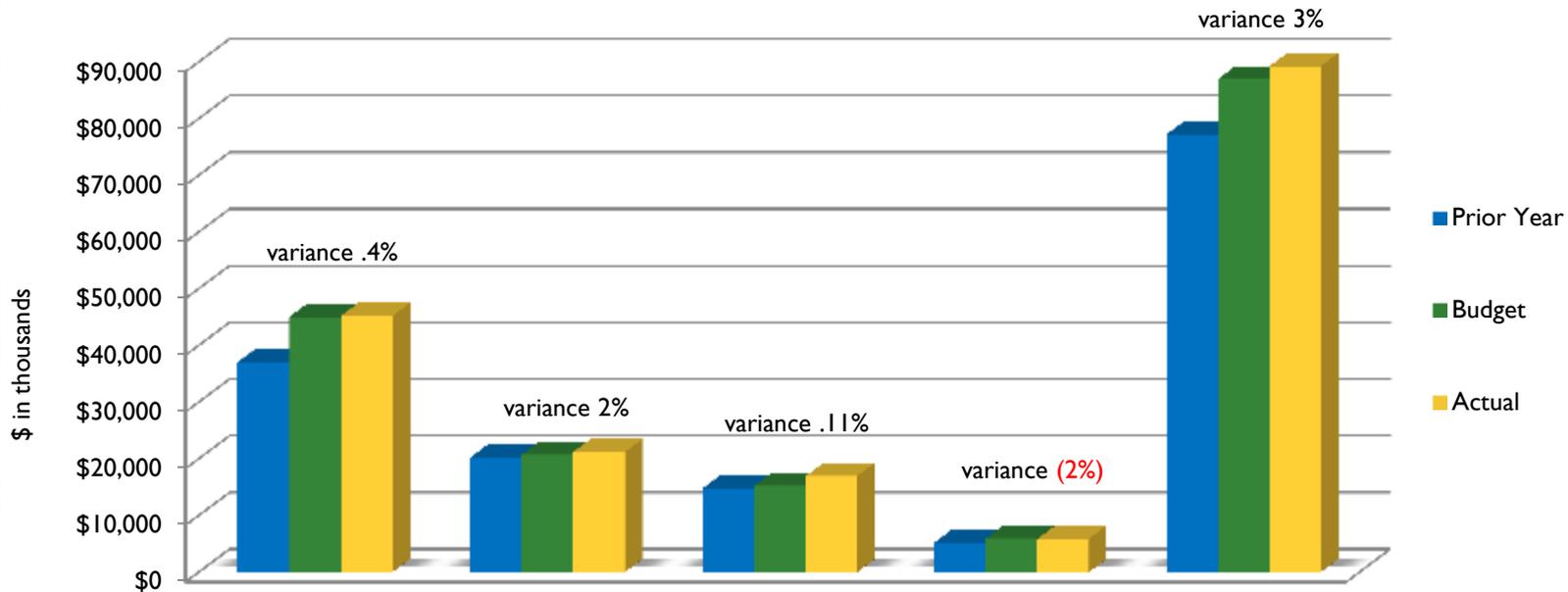
February 14, 2013

Revenues & Expenses (Unaudited)  
For the Six Months Ended  
December 31, 2012



# Operating Revenue

## For Six Months Ended December 31, 2012 (unaudited)



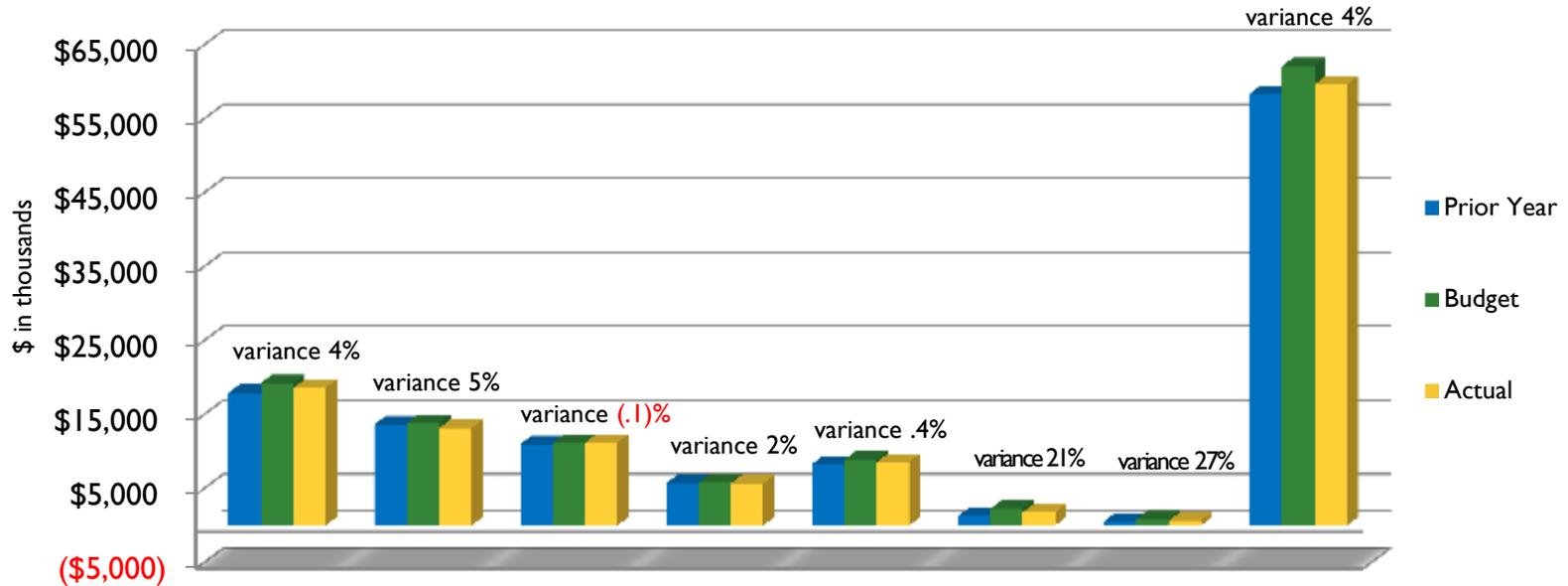
	Aviation revenue	Concession revenue	Parking revenue	Other revenue	Total revenue
Prior Year	\$ 37,026	\$ 20,174	\$ 14,759	\$ 5,220	\$ 77,179
Budget	45,009	20,720	15,234	5,967	86,930
Actual	45,188	21,195	16,953	5,861	89,197
Variance	179	475	1,719	(106)	2,267



# Operating Expenses



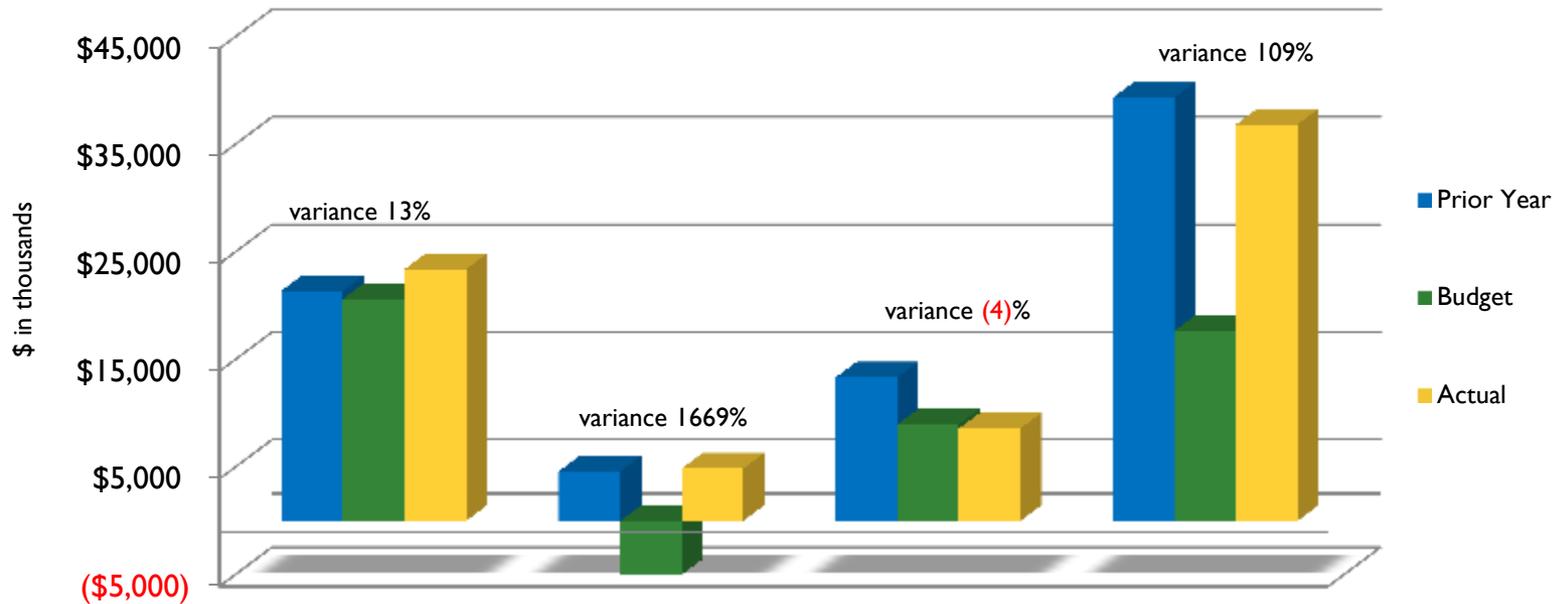
## For Six Months Ended December 31, 2012 (unaudited)



	Salaries & benefits	Contract services	Safety & security	Space rental	Utilities & maintenance	Employee & Business Dev.	Insurance & Other	Total operating expenses
Prior Year	\$ 17,956	\$ 13,658	\$ 10,999	\$ 5,708	\$ 8,292	\$ 1,236	\$ 548	\$ 58,397
Budget	19,268	13,836	11,169	5,841	8,906	2,256	883	62,159
Actual	18,576	13,167	11,203	5,707	8,575	1,775	646	59,649
Variance	692	669	(34)	134	331	481	237	2,510

# Nonoperating Revenue & Expenses

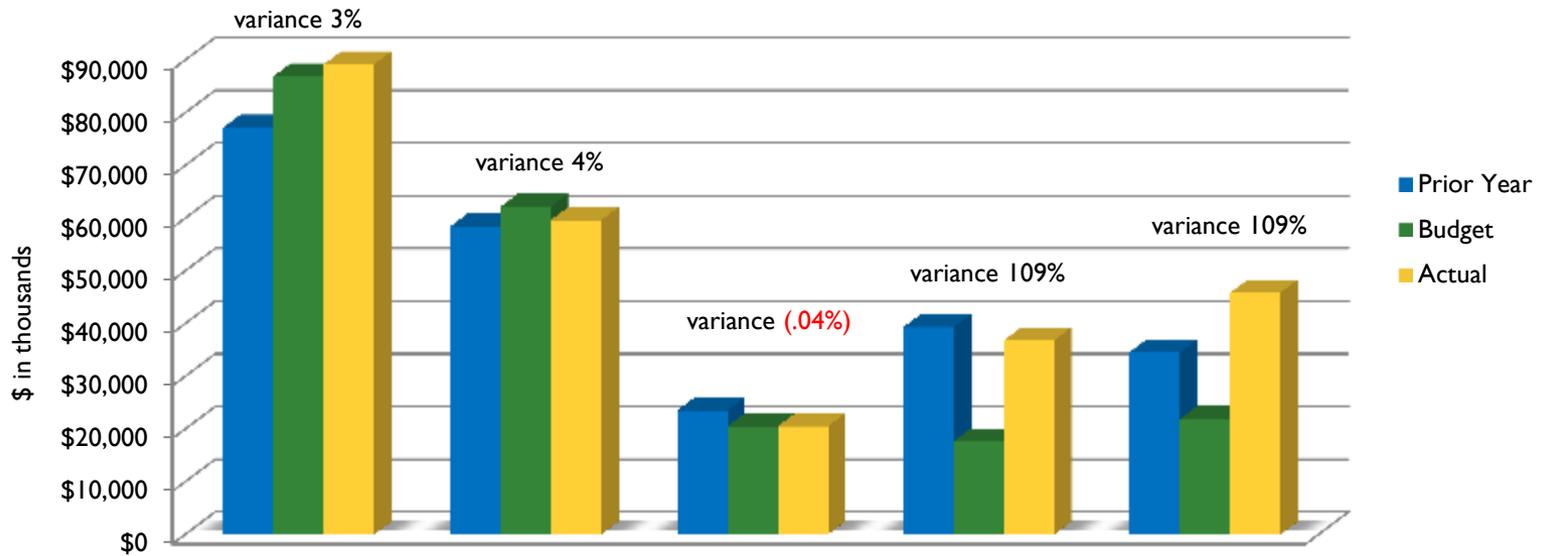
**For Six Month Ended December 31, 2012 (unaudited)**



	Passenger Facility Charge, Customer Facility Charge, & Quieter Home Program	Interest expense, interest income, capitalized interest (net)	Capital grant contributions	Total nonoperating revenue, (net)
Prior Year	\$ 21,404	\$ 4,603	\$ 13,342	\$ 39,349
Budget	20,655	(11,946)	8,965	17,674
Actual	23,402	4,868	8,586	36,856
Variance	2,747	16,814	(379)	19,182

# Financial Summary

## For Six Months Ended December 31, 2012 (unaudited)



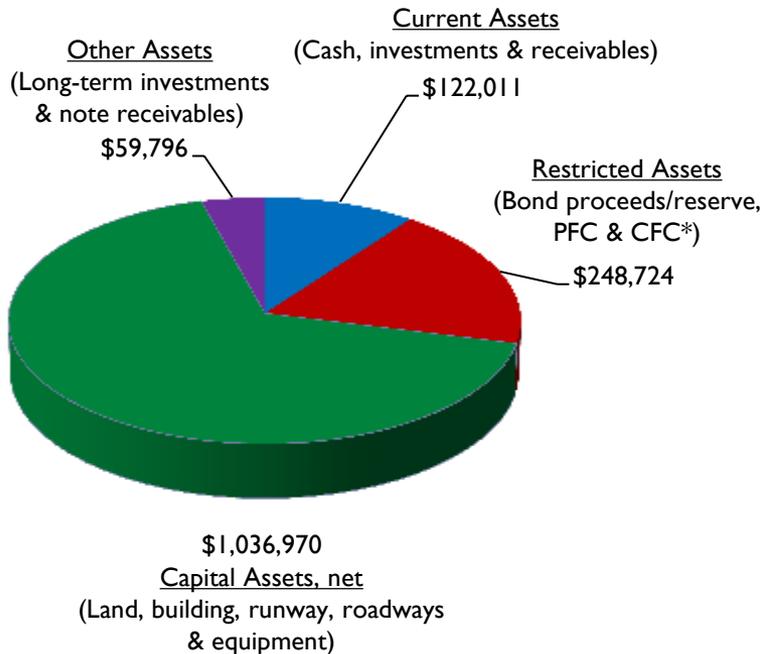
	Total operating revenues	Total operating expenses	Depreciation	Total nonoperating revenues, (net)	Net income
Prior Year	\$ 77,179	\$ 58,397	\$ 23,511	\$ 39,349	\$ 34,620
Budget	86,930	62,159	20,511	17,674	21,934
Actual	89,197	59,649	20,521	36,856	45,883
Variance	2,267	2,510	(10)	19,182	23,949

# Balance Sheet (Unaudited), as of December 31, 2012

(\$ in thousands)

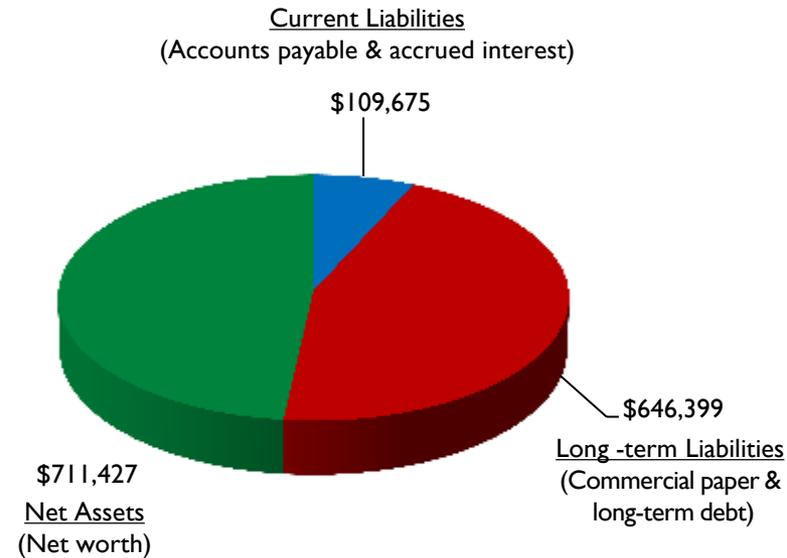


## Assets Total: \$1,467,501



\* Passenger Facility Change (PFC)  
Customer Facility Charge (CFC)

## Liabilities & Net Assets Total: \$1,467,501



# Operating Revenues

for the Six Months Ended December 31, 2012 (Unaudited)



(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
<b>Aviation revenue:</b>					
Landing fees	\$ 10,743	\$ 10,682	\$ (61)	(1)%	\$ 10,048
Aircraft parking fees	1,650	1,629	(21)	(1)%	1,603
Building rentals	21,507	21,751	244	1%	16,158
Security surcharge	10,315	10,327	12	1%	8,419
Other aviation revenue	794	799	5	1%	798
<b>Total aviation revenue</b>	<b>\$ 45,009</b>	<b>\$ 45,188</b>	<b>\$ 179</b>	<b>-</b>	<b>\$ 37,026</b>

# Operating Revenues

## for the Six Months Ended December 31, 2012 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	%	Prior Year
				Change	
<b>Terminal rent non-airline</b>	<b>\$ 480</b>	<b>\$ 483</b>	<b>\$ 3</b>	<b>-</b>	<b>\$ 447</b>
<b>Concession revenue:</b>					
<b>Terminal concession revenue:</b>					
Food and beverage	3,437	3,375	(62)	(2)%	3,237
Gifts and news	1,745	1,843	98	6%	2,062
Other	1,742	1,687	(55)	(3)%	1,453
<b>Total terminal concession revenue</b>	<b>6,924</b>	<b>6,905</b>	<b>(19)</b>	<b>-</b>	<b>6,752</b>
<b>Car rental and license fee revenue:</b>					
Rental car license fees	12,367	12,628	261	2%	12,008
License fees-other	1,429	1,662	233	16%	1,414
<b>Total rental car and license fees</b>	<b>13,796</b>	<b>14,290</b>	<b>494</b>	<b>4%</b>	<b>13,422</b>
<b>Total concession revenue</b>	<b>\$ 20,720</b>	<b>\$ 21,195</b>	<b>\$ 475</b>	<b>2%</b>	<b>\$ 20,174</b>

# Operating Revenues

for the Six Months Ended December 31, 2012 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
<b>Parking revenue:</b>					
Short-term parking revenue	\$ 7,087	\$ 8,723	\$ 1,636	23%	\$ 5,596
Long-term parking revenue	8,147	8,230	83	1%	9,163
<b>Total parking revenue</b>	<b>15,234</b>	<b>16,953</b>	<b>1,719</b>	<b>11%</b>	<b>14,759</b>
Ground transportation permits and citations	1,077	691	(386)	(36)%	756
Ground rentals	3,954	4,171	217	5%	3,364
Grant reimbursements	110	95	(15)	(14)%	206
Other operating revenue	346	421	75	22%	447
<b>Subtotal</b>	<b>20,721</b>	<b>22,331</b>	<b>1,610</b>	<b>8%</b>	<b>19,532</b>
<b>Total operating revenues</b>	<b>\$ 86,930</b>	<b>\$ 89,197</b>	<b>\$ 2,267</b>	<b>3%</b>	<b>\$ 77,179</b>

# Operating Expenses

for the Six Months Ended December 31, 2012 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
<b>Operating expenses:</b>					
Salaries and benefits	\$ 19,268	\$ 18,576	\$ 692	4%	\$ 17,956
Contractual services	13,836	13,167	669	5%	13,658
Safety and security	11,169	11,203	(34)	-	10,999
Space rental	5,841	5,707	134	2%	5,708
Utilities	3,715	3,389	326	9%	3,615
Maintenance	4,342	4,461	(119)	(3)%	3,889
Equipment and systems	258	85	173	67%	70
Materials and supplies	189	155	34	18%	102
Insurance	436	406	30	7%	376
Employee development and support	500	497	3	1%	331
Business development	1,756	1,278	478	27%	905
Equipment rental and repairs	849	725	124	15%	788
<b>Total operating expenses</b>	<b>\$ 62,159</b>	<b>\$ 59,649</b>	<b>\$ 2,510</b>	<b>4%</b>	<b>\$ 58,397</b>

# Financial Summary

for the Six Months Ended December 31, 2012 (Unaudited)



(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Total operating revenues	\$ 86,930	\$ 89,197	\$ 2,267	3%	\$ 77,179
Total operating expenses	62,159	59,649	2,510	4%	58,397
<b>Income from operations</b>	<b>24,771</b>	<b>29,548</b>	<b>4,777</b>	<b>19%</b>	<b>18,782</b>
Depreciation	20,511	20,521	(10)	-	23,511
<b>Operating income (loss)</b>	<b>\$ 4,260</b>	<b>\$ 9,027</b>	<b>\$ 4,767</b>	<b>112%</b>	<b>\$ (4,729)</b>

# Nonoperating Revenues & Expenses

## for the Six Months Ended December 31, 2012 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
<b>Nonoperating revenues (expenses):</b>					
Passenger facility charges	\$ 16,665	\$ 17,057	\$ 392	2%	\$ 16,765
Customer facility charges (Rental Car Center)	5,418	6,371	953	18%	5,571
Quieter Home Program	(1,428)	(26)	1,402	98%	(932)
Interest income	2,239	2,253	14	1%	3,063
BAB interest rebate	2,498	2,498	0	-	2,498
Interest expense	(17,205)	(189)	17,016	99%	(2,124)
Bond amortization	532	541	9	2%	513
Other nonoperating revenue (expenses)	(10)	(235)	(225)	-	653
<b>Nonoperating revenue, net</b>	<b>8,709</b>	<b>28,270</b>	<b>19,562</b>	<b>225%</b>	<b>26,007</b>
<b>Income before grant contributions</b>	<b>12,969</b>	<b>37,297</b>	<b>24,328</b>	<b>188%</b>	<b>21,278</b>
Capital grant contributions	8,965	8,586	(379)	(4)%	13,342
<b>Net income</b>	<b>\$ 21,934</b>	<b>\$ 45,883</b>	<b>\$ 23,948</b>	<b>109%</b>	<b>\$ 34,620</b>



# Balance Sheets (Unaudited)



(In thousands)

**December**

**2012**

**2011**

## **Current assets:**

Cash and investments	\$ 91,441	\$ 93,843
Tenant lease receivable, net of allowance of 2012: \$72,147 and 2011: \$54,982	6,143	5,193
Grants receivable	5,164	7,710
Notes receivable-current portion	1,370	1,696
Prepaid expenses and other current assets	8,804	8,733
<b>Total current assets</b>	<b>112,922</b>	<b>117,175</b>

<b>Cash designated for capital projects and other</b>	<b>\$ 9,089</b>	<b>\$ 8,278</b>
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# Balance Sheets (Unaudited)



(In thousands)

**December**

**2012**

**2011**

## Restricted assets:

### Cash and investments:

Bonds reserve	\$ 47,829	\$ 45,098
Passenger facility charges and interest unapplied	63,509	59,086
Customer facility charges and interest applied*	34,820	25,597
Commercial paper reserve	51	41
SBD bond guarantee	4,000	4,000
Bond proceeds held by trustee	86,770	305,816
Commercial paper interest held by trustee	13	13
Passenger facility charges receivable	4,683	4,187
Customer facility charges receivable*	1,105	864
Insurance claim reserve	5,944	6,239
<b>Total restricted assets</b>	<b>\$ 248,724</b>	<b>\$ 450,941</b>



# Balance Sheets (Unaudited)



(In thousands)

**December**

**2012**

**2011**

**Noncurrent assets:**

**Capital assets:**

Land and land improvements	\$ 24,487	\$ 24,489
Runways, roads and parking lots	270,344	274,536
Buildings and structures	471,082	465,476
Machinery and equipment	13,065	11,179
Vehicles	5,389	5,423
Office furniture and equipment	31,279	30,938
Works of art	2,350	2,476
Construction-in-progress	780,043	455,046
<b>Total capital assets</b>	<b>1,598,039</b>	<b>1,269,563</b>
Less: accumulated depreciation	(561,069)	(531,439)
<b>Total capital assets, net</b>	<b>\$ 1,036,970</b>	<b>\$ 738,124</b>



# Balance Sheets (Unaudited)



(In thousands)

**December**

**Other assets:**

Notes receivable - long-term portion

Investments - long-term portion

Deferred costs - bonds (net)

Net pension asset

Security deposit

**Total other assets**

**Total noncurrent assets**

**TOTAL ASSETS**

	<b>2012</b>	<b>2011</b>
	\$ 40,668	\$ 42,084
	7,383	9,045
	4,202	4,809
	6,926	7,483
	617	500
	<b>59,796</b>	<b>63,921</b>
	<b>1,096,766</b>	<b>802,045</b>
	<b>\$ 1,467,501</b>	<b>\$ 1,378,439</b>



# Balance Sheets (Unaudited)



(In thousands)

**December**

**2012**

**2011**

## **Current liabilities:**

Accounts payable and accrued liabilities

\$ 84,724      \$ 58,746

Deposits and other current liabilities

2,844      3,636

### **Total current liabilities**

**87,568      62,382**

## **Current liabilities - payable from restricted assets:**

Current portion of long-term debt

6,172      5,190

Accrued interest on bonds

and commercial paper

15,935      16,906

### **Total liabilities payable from restricted assets**

**\$ 22,107      \$ 22,096**



# Balance Sheets (Unaudited)



(In thousands)

**December**

**2012**

**2011**

## **Long-term liabilities - other:**

Commercial paper notes payable

\$ 44,191      \$ 20,729

Other long-term liabilities

9,351              1,618

Long-term debt - bonds net of amortized premium

592,857              629,740

**Total long-term liabilities**

**646,399              652,087**

**Total liabilities**

**\$ 756,074              \$ 736,565**



# Balance Sheets (Unaudited)



(In thousands)

**December**

**2012**

**2011**

**Authority net assets:**

Invested in capital assets, net of related debt

\$ 476,800      \$ 386,730

Other restricted

168,107      156,409

Unrestricted:

Designated

16,015      15,761

Undesignated

50,505      82,975

**Total net assets**

**711,427      641,875**

**TOTAL LIABILITIES AND NET ASSETS**

**\$ 1,467,501      \$ 1,378,439**



# Authority's Investments

# Total Portfolio Summary



	Current Period	Prior Period	Change From Prior
	December 31, 2012	September 30, 2012	
Book Value <sup>(1)</sup>	\$260,624,000	\$283,338,000	(\$22,714,000)
Market Value	\$261,005,000	\$283,675,000	(\$22,670,000)
Market Value%	100.17%	100.14%	0.03%
Unrealized Gain / (Loss)	\$381,000	\$337,000	\$44,000
Weighted Average Maturity (Days)	275 days	272 days	3
Weighted Average Yield as of Period End	0.50%	0.54%	(0.04%)
Cash Interest Received- Quarter-to-Date	\$343,000	\$348,000	(\$5,000)
Cash Interest Received-Year-to-Date	\$691,000	\$348,000	\$343,000
Accrued Interest	\$136,000	\$208,000	(\$72,000)

**Notes:**

(1) Decrease in cash balance was predominantly due to capital disbursements that will be reimbursed upon receipt of the 2013 bond sale proceeds.



# Authority's Bond Proceeds

# Bond Proceeds Summary

As of: December 31, 2012

(in thousands)

Fund	Series A/B	Series C	Total	Yield	Rating
<b><u>Project Fund</u></b>					
SDCIP <sup>(1)</sup>	\$ 1,803	\$ 16,828	\$ 18,631	0.48%	AAAf
	1,803	16,828	18,631		
<b><u>Capitalized Interest</u></b>					
SDCIP <sup>(1)</sup>	513	372	885	0.48%	AAAf
JP Morgan Federal MM Reserve	6	4	10	0.00%	AAAm
	519	376	895		
<b><u>Debt Service Reserve Fund</u></b>					
East West Bank CD	13,253	7,133	20,386	0.75%	
Bank of the West DDA	9,706	6,374	16,080	0.45%	
SDCIP <sup>(1)</sup>	9,818	4,813	14,631	0.48%	AAAf
	32,777	18,320	51,097		
	\$ 35,099	\$ 35,524	\$ 70,623	0.55%	

\*Bond proceeds are not included in deposit limits as applied to operating funds

(1) SDCIP Yield as of 11/30/2012



# Questions



# San Diego County Regional Airport Authority

## Series 2013 Bond Sale Briefing



Vernon Evans, CPA  
Vice President, Finance/Treasurer  
&  
Scott Brickner, CPA  
Director, Financial Planning & Budget

February 14, 2013



# Funding Capital Projects



## Uses of Funds FY 2013 – FY 2017

(in thousands)

Capital Improvement Plan	\$ 596,084
Green Build Program	864,613
Financing Costs	120,509
Total Uses	\$1,581,206



# Funding Capital Projects



## Sources of Funds FY 2013 – FY 2017

(in thousands)

FAA Grants	\$ 147,801
Passenger Facility Charges	147,426
Revenue Bonds	976,561
Customer Facility Charges (RCC)	293,050
Authority Cash Contribution	16,368
Total Sources	\$1,581,206

# 2010 Bond Deal



**\$572,565,000**

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY  
SUBORDINATE AIRPORT REVENUE BONDS**

**\$313,150,000**  
**Series 2010A**  
**(Non-AMT)**

**\$44,055,000**  
**Series 2010B**  
**(Non-AMT)**

**\$215,360,000**  
**Series 2010C**  
**(Build America Bonds)**

**All-in True Interest Cost (TIC) – 4.38%**



# 2013 Bond Issuance Process



- Feasibility Report

**FINANCIAL FEASIBILITY REPORT**

**SAN DIEGO COUNTY REGIONAL AIRPORT  
AUTHORITY**

Senior Airport Revenue Bonds, Series 2013A and Series 2013B

Prepared by:



January 7, 2013



# 2013 Bond Issuance Process



- Feasibility Report (Cover)
- Preliminary Official Statement (POS)



Ratings: See "RATINGS" herein.

**NEW ISSUES  
BOOK-ENTRY ONLY**

*In the opinion of Kutak Rock LLP, Bond Counsel to the Authority, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Senior Series 2013 Bonds is excluded from gross income for federal income tax purposes, except for interest on any Senior Series 2013B Bond for any period during which such Senior Series 2013B Bond is held by a "substantial user" of the facilities financed or refinanced by the Senior Series 2013B Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended. Bond Counsel is further of the opinion that (a) interest on the Senior Series 2013A Bonds is not a specific preference item for purposes of the federal alternative minimum tax, and (b) interest on the Senior Series 2013B Bonds is a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is further of the opinion that interest on the Senior Series 2013 Bonds is exempt from State of California personal income taxes. See "TAX MATTERS" herein.*



**\$411,175,000\***  
**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**  
**Senior Airport Revenue Bonds**

**\$112,680,000\***  
**Series 2013A**  
**(Non-AMT)**

**\$298,495,000\***  
**Series 2013B**  
**(AMT)**

Dated: Date of Delivery

Due: July 1 as shown on the inside cover

The San Diego County Regional Airport Authority (the "Authority") is issuing its Senior Airport Revenue Bonds, Series 2013A (the "Senior Series 2013A Bonds"), and Senior Airport Revenue Bonds, Series 2013B (the "Senior Series 2013B Bonds," and together with the Senior Series 2013A Bonds, the "Senior Series 2013 Bonds"), to (a) finance certain capital improvements at San Diego International Airport, (b) fund a portion of the interest accruing on the Senior Series 2013 Bonds, (c) fund a reserve fund for the Senior Series 2013 Bonds, and (d) pay the costs of issuance of the Senior Series 2013 Bonds. See "PLAN OF FINANCE AND APPLICATION OF THE SENIOR SERIES 2013 BOND PROCEEDS" herein.

The Senior Series 2013 Bonds are special obligations of the Authority, payable solely from and secured by (a) a pledge of Net Revenues, which include certain income and revenue received by the Authority from the operation of the Airport System less all amounts that are required to pay the Operation and Maintenance Expenses of the Airport System; and (b) certain funds and accounts held by the Senior Trustee under the Senior Indenture.

**NONE OF THE PROPERTIES OF THE AIRPORT SYSTEM ARE SUBJECT TO ANY MORTGAGE OR OTHER LIEN FOR THE BENEFIT OF THE OWNERS OF THE SENIOR SERIES 2013 BONDS, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE AUTHORITY, THE CITY OF SAN DIEGO, THE COUNTY OF SAN DIEGO, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OR AGENCY OF THE STATE OF CALIFORNIA IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SENIOR SERIES 2013 BONDS. SEE "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2013 BONDS."**

The Senior Series 2013 Bonds will be issued as fully registered bonds in the name of Coda & Co., as registered owner and nominee of The Depository Trust Company ("DTC"), New York, New York. Individual purchases and sales of the Senior Series 2013 Bonds may be made in book-entry form only in denominations of \$5,000 and integral multiples thereof. Interest on the Senior Series 2013 Bonds will be payable on January 1 and July 1, commencing on July 1, 2013. So long as the Senior Series 2013 Bonds are held by DTC, the principal of and interest on the Senior Series 2013 Bonds will be payable by wire transfer to DTC, which in turn will be required to remit such principal and interest to the DTC participants for subsequent disbursement to the beneficial owners of the Senior Series 2013 Bonds, as more fully described herein. See "APPENDIX F—BOOK-ENTRY-ONLY SYSTEM."

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**Maturity Schedule on Inside Front Cover**

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The Senior Series 2013 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity, as more fully described herein. See "DESCRIPTION OF THE SENIOR SERIES 2013 BONDS—Redemption Provisions."

The purchase and ownership of Senior Series 2013 Bonds involve investment risk and may not be suitable for all investors. This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of the Senior Series 2013 Bonds. Investors are advised to read the entire Official Statement, including any portion hereof included by reference, to obtain information essential to the making of an informed decision, giving particular attention to the matters discussed under "CERTAIN INVESTMENT CONSIDERATIONS." Capitalized terms used on this cover page and not otherwise defined have the meanings set forth herein.

*The Senior Series 2013 Bonds are offered when, as and if issued by the Authority, subject to the approval of validity by Kutak Rock LLP, Bond Counsel to the Authority, and to certain other conditions. Certain matters will be passed upon for the Authority by its General Counsel and by Kutak Rock LLP, Disclosure Counsel to the Authority. Certain legal matters will be passed upon for the Underwriters by their counsel, Nixon Peabody LLP. Frasca & Associates, L.L.C. has served as Financial Advisor to the Authority. It is expected that the delivery of the Senior Series 2013 Bonds will be made through the facilities of DTC on or about \_\_\_\_\_, 2013.*

**Jefferies****Citigroup**

Cabrera Capital Markets LLC

J.P. Morgan

Loop Capital Markets

Siebert Brandford Shank &amp; Co. L.L.C.

Date of Official Statement:

\* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold for any offering until they are complete prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation to buy or an offer to sell or a solicitation to buy any securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.



# 2013 Bond Issuance Process



- Feasibility Report (Cover)
- Preliminary Official Statement (POS)
- Rating Agency Presentations



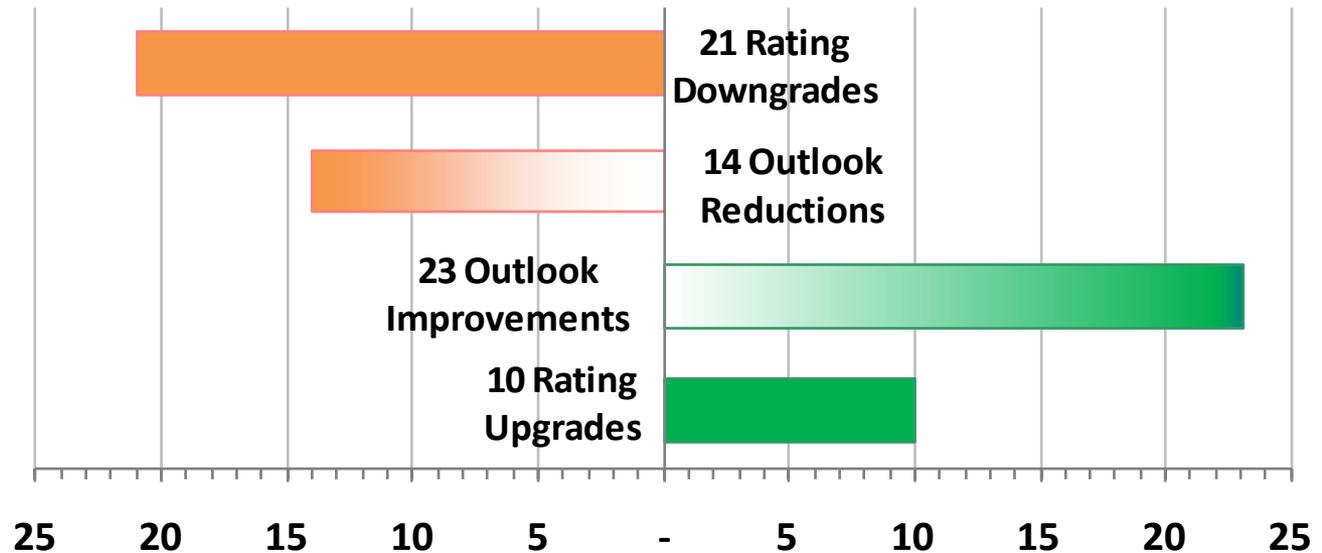


# Successful Rating Strategy



Despite continued pessimism on airport credits from the three rating agencies, the Authority's rating strategy was a success

## Number of Airport Revenue Rating Actions in 2012



**SAN's Series 2013 Senior Lien Bonds were rated A1/A+/A+ with Stable Outlooks and Series 2010 Subordinate Lien Bonds ratings affirmed A2/A/A with Stable Outlooks**



# Successful Rating Strategy



- “The rating reflects our view of the airport’s: 1) Dominant market position; 2) Continued very strong financial performance; 3) Management team that we view as stable and experienced, implementing prudent board policies; and 4) Very strong service area economy... (**S&P**)
- “The rating is based on the airport’s stable O&D base; a relatively strong service area economy...” (**Moody’s**)
- Key Rating Drivers: 1) Primary Airport in Strong Service Area; Hybrid Airline Agreement; 2) Sizable Fixed Rate Debt Profile; 3) Considerable Leverage, Strong Financial Profile; 4) Sizable Capital Plan Nearing Completion (**Fitch**)



# 2013 Bond Issuance Process



- Feasibility Report
- Preliminary Official Statement (POS)
- Rating Agency Presentations
- Investor Outreach



# Investor Outreach

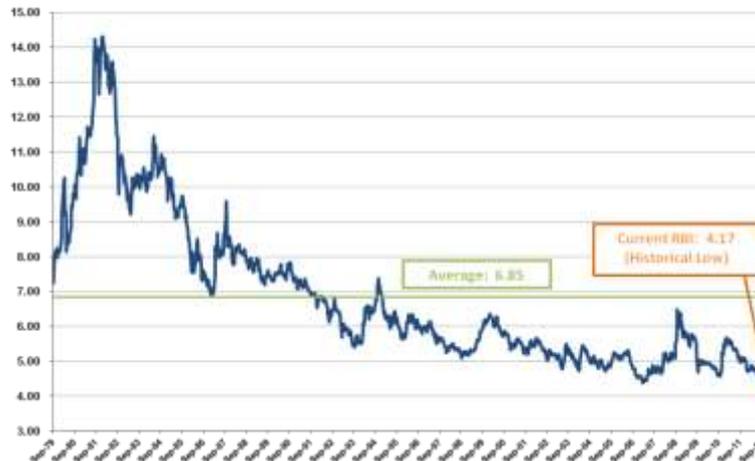


- Recording and Distribution of Investor Net Road Show
- Twelve One-on-One Phone Calls with Large Institutional Investors

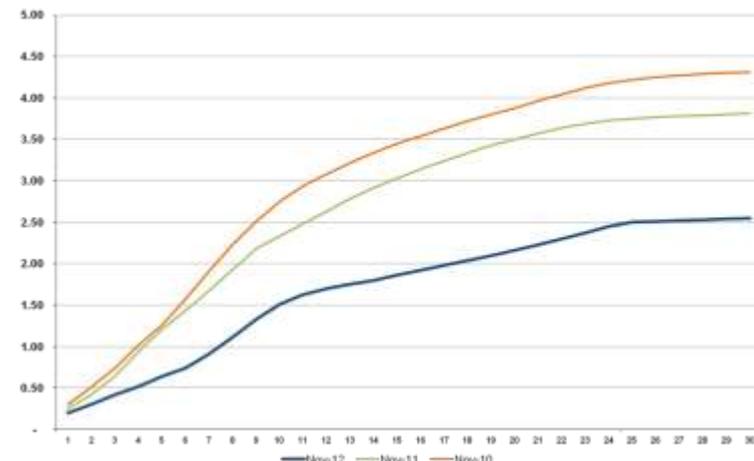
# Favorable Market Conditions

- ▶ Long term interest rates are close to historic lows
- ▶ Interest rates along the yield curve have also decreased
- ▶ The yield curve remains steep
- ▶ Favorable cash flow situation

**Bond Buyer – Revenue Bond Index**



**MMD Yield Curve**





# 2013 Bond Deal Structure



<b>\$379,585,000</b>	
<b>SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY SENIOR AIRPORT REVENUE BONDS</b>	
<b>\$107,285,000</b>	<b>\$272,300,000</b>
<b>Series 2013A</b>	<b>Series 2013B</b>
<b>(Non-AMT)</b>	<b>(AMT)</b>

As a result of the tremendously good reception of the bonds during the retail pricing period, the team decided to price the entire deal (retail and institutional) the same day



# Results



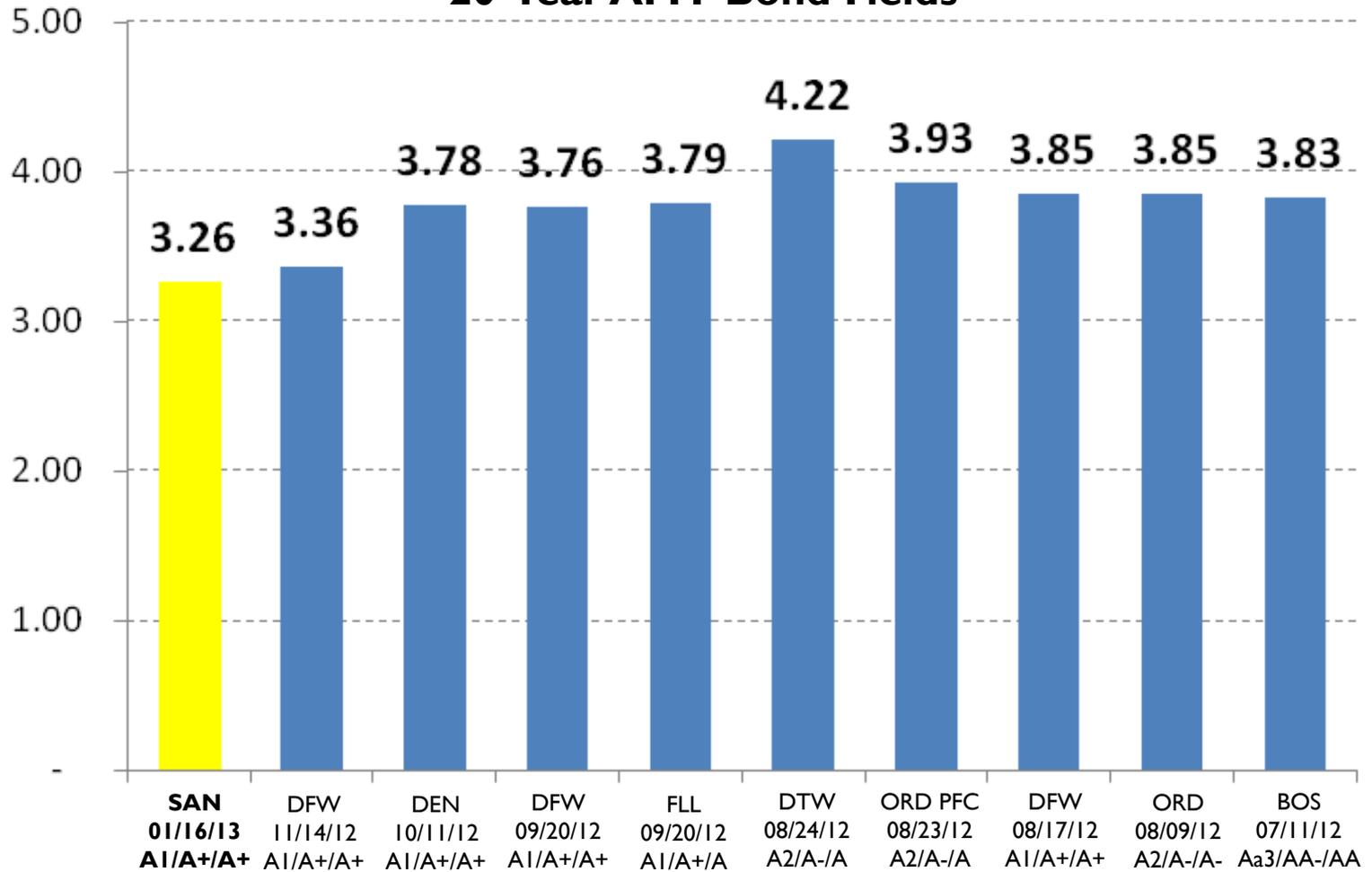
- Strong interest from retail investors, where \$58 million of the tax exempt bonds were purchased by retail investors (approximately 15%)
- Sold bonds to 69 separate institutional investors
- Bonds were six times oversubscribed
- Obtaining attractive rates for the transaction resulted in a net present value savings of \$44.8 million vs. the feasibility consultant's forecast
- The All-in TIC for the entire transaction was **3.92%**



# Recent Airport Transactions

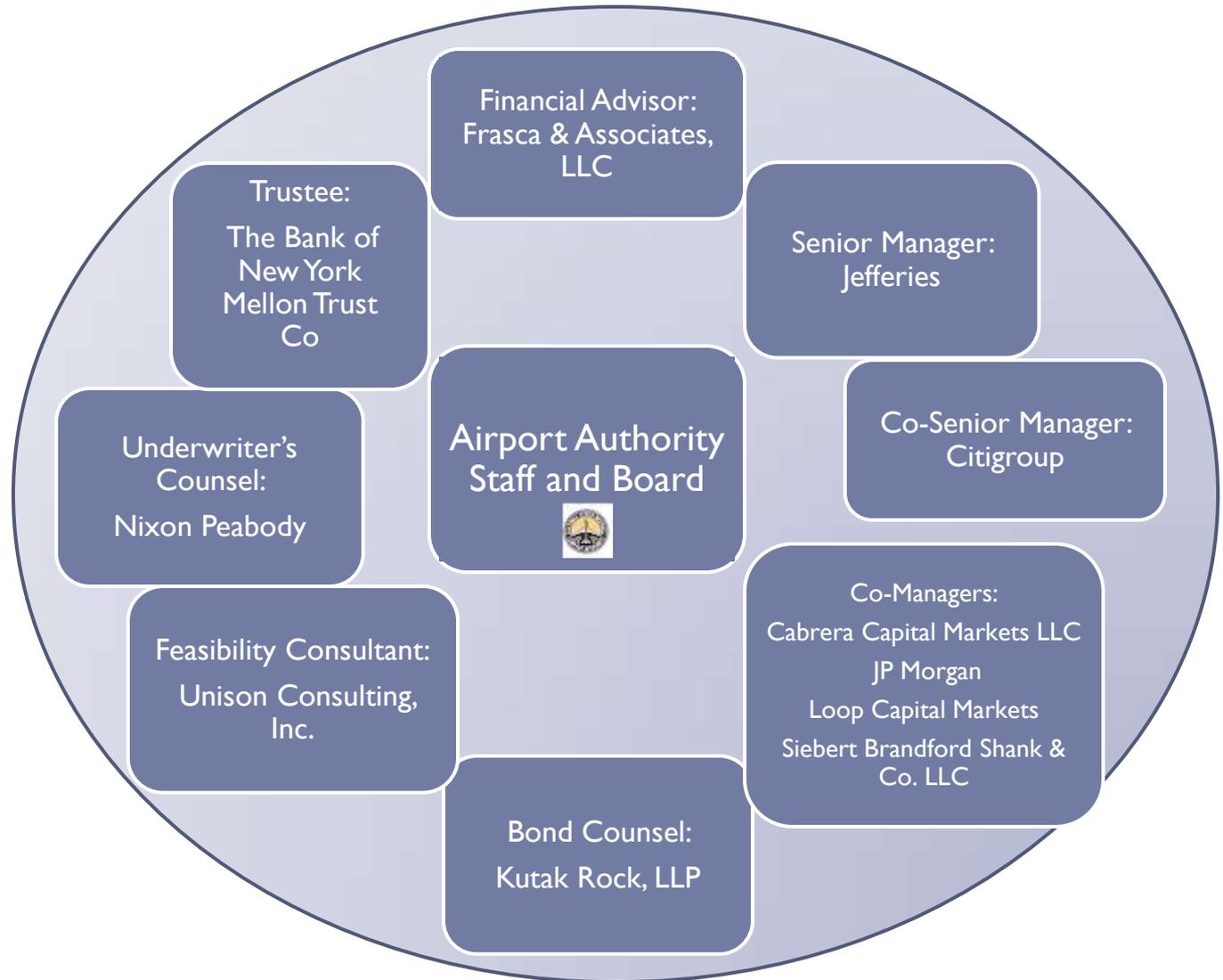


### 20-Year AMT Bond Yields





# Financing Team





# Questions

