Item #G

San Diego County Regional Airport Authority

Series 2010 ABC Bonds

Presented by:
Vernon D. Evans, CPA
Vice-President-Finance/Treasurer and CFO

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The Authority's 2010 bond issuance was a resounding success!!!!

Overview

- Rating targets were met in a challenging credit environment
- The Authority’s expedited schedule allowed pricing to occur in a very favorable market ahead of $5.5 billion of airport bonds expected in the fourth quarter
- Bond structure was optimized
    - Low borrowing costs
    - Favorable call provisions
    - Upsizing of the transaction
- The Authority is well positioned for the balance of the Green Build/CIP plan of finance

Successful Rating Strategy

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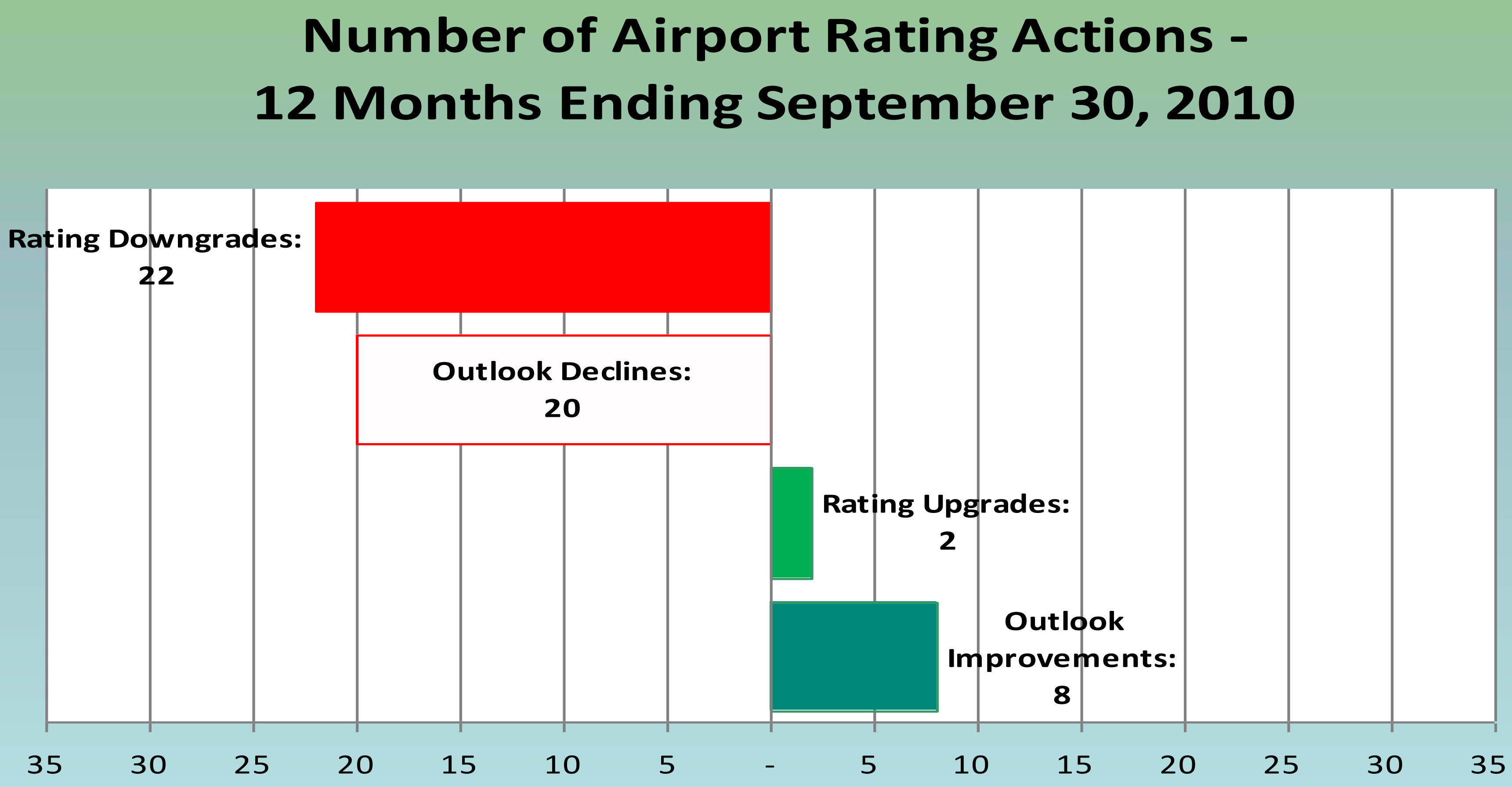
San Diego International Airport

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



Successful Rating Strategy

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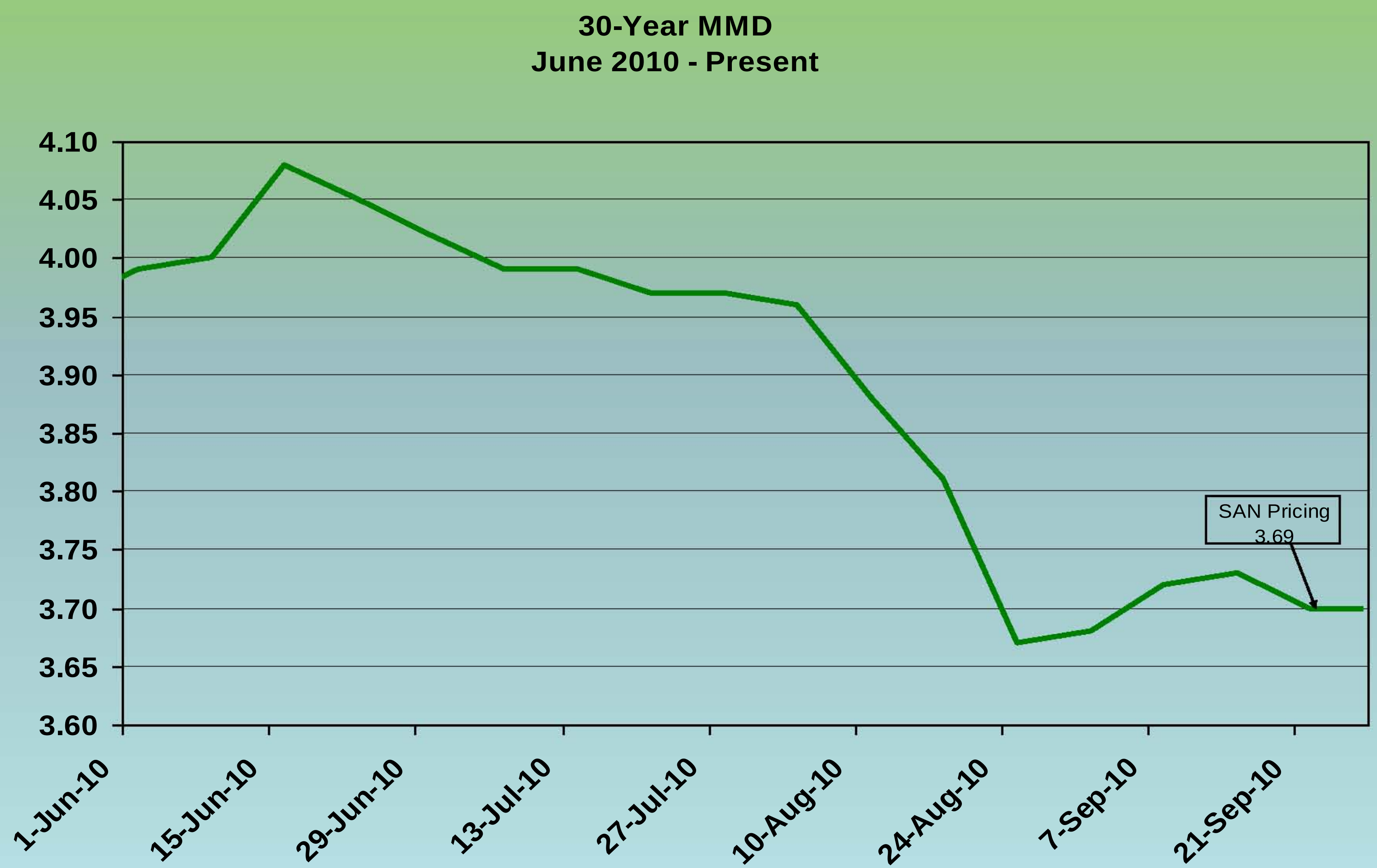
San Diego International Airport

- Senior Lien (Series 2005) Bonds affirmed at A1/A+/A+ with Stable Outlooks
- Series 2010 Subordinate Lien Bonds were rated A2/A/A with Stable Outlooks
- “The ratings reflect what we view as SDCRAA’s still very strong historical financial performance despite weakened passenger and revenue levels due to the recession…” (S&P)
- “The Authority derives significant credit strength from the diversity of carriers serving its relatively stable O&D base…” (Moody’s)
- “The ratings reflect the Airport’s position as the primary airport serving San Diego County and the surrounding region, a strong 96% O&D passenger base that is served by a diverse group of airlines, and a historically robust financial profile and healthy liquidity position…” (Fitch)

Market Conditions – Tax-Exempts



Market Conditions – Taxable Bonds

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2010 Bond Deal Structure

- As a result of the tremendously good reception of the bonds at pricing the deal was up-sized from $418 million to $573 million
- Obtaining attractive rates for the transaction resulted in a net present value “savings” of $20.5 million
- The All-in TIC for the entire transaction was 4.38%

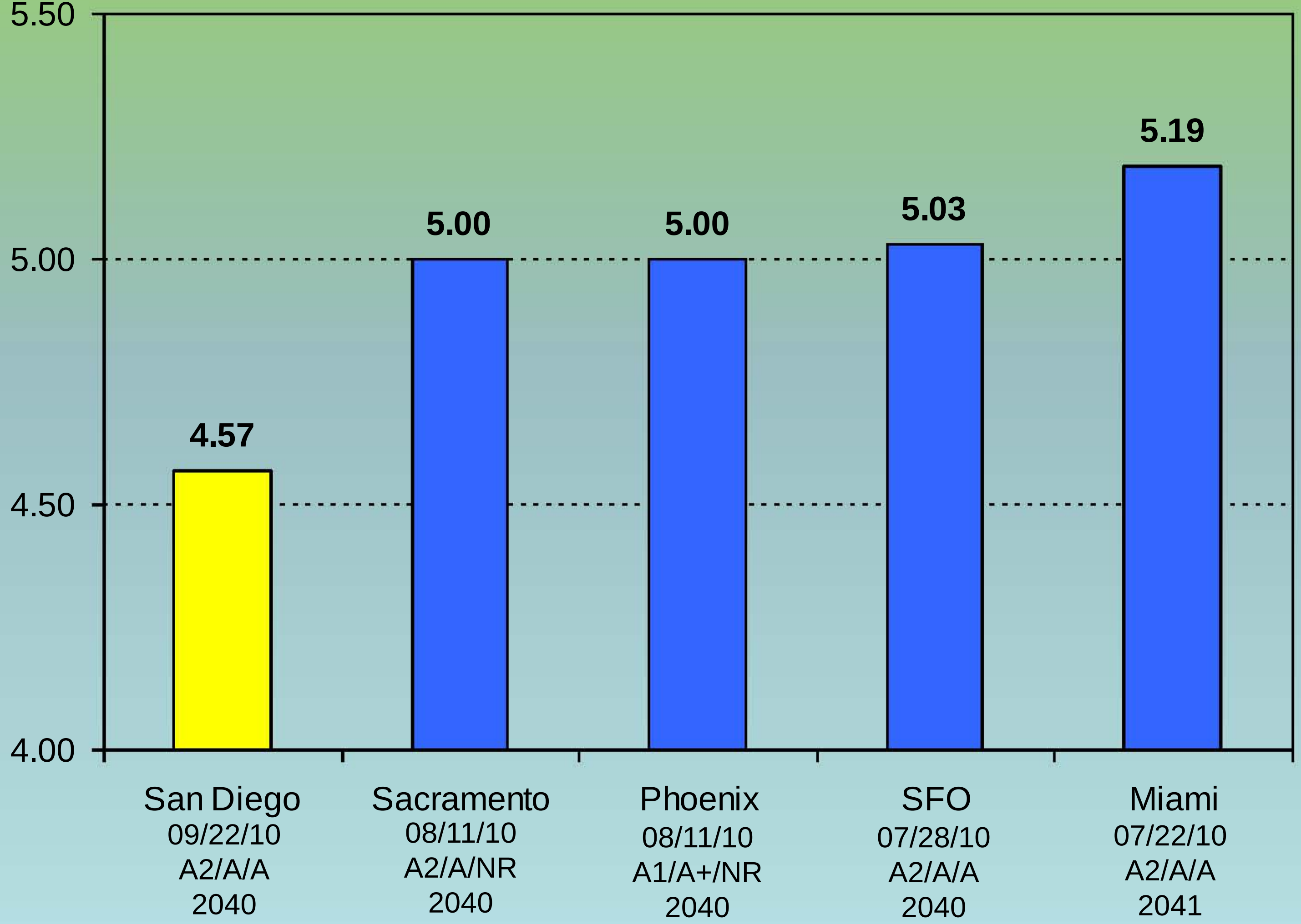
$572,565,000
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SUBORDINATE AIRPORT REVENUE BONDS

$313,150,000 **Series 2010A** **(Non-AMT)**	**$44,055,000** **Series 2010B** **(Non-AMT)**	**$215,360,000** **Series 2010C** **(Build America Bonds)**

Strong Demand for SAN Bonds

- The tax exempt bonds were over subscribed by 4.2x and the Build America Bonds were oversubscribed by 2.8x
- Strong interest from retail investors, where $69 million of the tax exempt bonds were purchased by retail investors (nearly 20%)

Recent Airport Transactions



Build America Bonds

- The Build America Bonds, which are taxable bonds that receive a 35% interest rate subsidy from the U.S. Treasury, were issued at 6.628%
- The yield to maturity for the 30-year tax exempt maturity was 4.79% while the effective yield for the 30-year Build America Bonds (after the 35% subsidy) was 4.31%
- This equates to a 0.48% favorable effective yield for BABs vs. tax-exempt bonds, or $16.0 million in net present value savings
- The Build America Bonds included a 10-year call provision at par to maintain flexibility for the Authority

Conclusion

- SAN's pricing occurred at a time when rates were attractive and the offering was well received
- By increasing the bond size, a substantial portion of the costs of the Green Build/CIP were fixed at attractive rates, substantially lower than forecast in the feasibility report
- No additional borrowings for the Green Build/CIP is necessary until 2012