



DETROIT METRO • WILLOW RUN
WAYNE COUNTY AIRPORT AUTHORITY

L.C. Smith Terminal • Mezzanine
Detroit, MI 48242
ph 734 942 3550
fax 734 942 0563
www.metroairport.com

News Release

Released: December 30, 2010
Contact: Scott Wintner (734) 955-3745

Airport Authority Saves \$51.7 Million in Bond Refinancing

Wayne County Airport Authority (WCAA), operator of Detroit Metropolitan Wayne County Airport (DTW), has closed on an extensive refinancing program resulting in a present-value savings to the Authority of approximately \$51.7 million.

The refinancing, which represents the first time that WCAA has been in the public market since 2008, involves the sale of \$838,745,000 of new DTW Airport bonds to refund \$866,085,000 of outstanding bonds. The savings will reduce the future cost of Authority debt service and provide increased budget flexibility.

"This refinancing program will benefit the traveling public and the airlines by reducing the cost of operations at Detroit Metropolitan Airport," said WCAA Interim CEO Genelle Allen. "We are thrilled with the results. While it was a complex effort involving various steps and elements, in the end this initiative proved to be very cost-effective for the Airport Authority."

The bond refinancing consisted of three principal components. First, fixed-rate bonds in the amount of \$231,285,000 were sold, bearing coupons between two and five percent, to refund fixed-rate debt that had been sold in 1998, maturing out to 2018, with coupons as high as 5.375 percent.

Second, WCAA took advantage of a provision in the American Recovery and Reinvestment Act (ARRA) that allows airports to sell debt not subject to the alternative minimum tax (AMT) to refund AMT-eligible debt that had been sold in 2008. To take advantage of this provision, which is set to expire at the end of 2010, WCAA sold fixed-rate debt in the amount of \$216,460,000 of new debt to refund outstanding variable rate debt. The interest rate differential between AMT and non-AMT debt in the fixed-rate market is approximately 75 basis points across maturities.

Third, the Authority issued \$391,000,000 of variable rate debt to refund long-term bonds, also sold in 1998, with maturities from 2023-2028 in the amount of \$270,135,000 and carrying coupons of five percent, and also to refund certain other outstanding variable rate debt, sold in 2008 as AMT debt that could be refunded as non-AMT before the end of this calendar year.

(more)

"We took advantage of both interest rates and the economic stimulus program to reduce the cost of debt service as an overall part of our operating costs," said WCAA Chief Financial Officer Thomas J. Naughton. "Once we went to market, the outcome was actually more beneficial than we had initially envisioned."

In addition to refinancing several of the Authority's airport bonds, WCAA also terminated all of its approximately \$162 million of interest swap exposure earlier this month. While many entities have been paying many millions to get out of interest rate swaps that had been executed several years ago, WCAA took advantage of a provision it had built into its swap program, executed in 2003, to terminate its interest rate swaps at par or at zero cost to the Authority in 2010.

About Wayne County Airport Authority

Established in 2002 by the Michigan State Legislature, Wayne County Airport Authority (WCAA) is an independent agency responsible for the management and operation of Detroit Metropolitan Wayne County Airport (DTW) and Willow Run Airport (YIP) in Southeast Michigan. Serving more than 31 million passengers in 2009, DTW is Michigan's busiest airport and among the world's largest air transportation hubs with more than 1,200 non-stop flights per day to more than 160 destinations worldwide. Historic Willow Run Airport is an important general aviation, corporate and cargo reliever airport located seven miles west of DTW.

#