

Deal Spotlight: Transportation

Montgomery Airport Authority, Alabama

\$12,000,000

Rating: AA (S&P)

UW: The Frazer Lanier Company, Incorporated

Dated Date: 8/1/07

Montgomery Airport Authority (the “Authority”) issued \$12 million of revenue bonds to refund debt related to a recently completed renovation and expansion project at Montgomery Regional Airport (the “Airport”).

The Airport is an origin and destination facility with a nine county primary service area that includes a population of 500,000. The city of Montgomery is located in south-central Alabama and serves as the state capitol and the seat of Montgomery County. The closest alternative airports are Birmingham International Airport (90 miles away) and Hartsfield-Jackson Atlanta International Airport (160 miles away).

The Airport is served by four airlines that provide 16 daily departures to four major hub cities: Atlanta (Atlantic Southeast Airlines), Memphis (Northwest), Charlotte (US Airways) and Houston (Continental). Atlantic Southeast Airlines, a Delta affiliate, is the Airport’s largest carrier, accounting for over 50% of enplanements. The Airport benefits from a large nearby military presence and a recently opened Hyundai auto plant located five miles away. The Airport had over 186,000 enplanements in 2006.

The bonds are secured by the Authority’s net revenues, including passenger facility charges (PFCs). The Authority may only use PFCs for the projects being financed with the bonds and pledges the PFCs to pay debt service. The Authority received nearly \$775,000 in PFCs in 2006.

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