

City and County of Denver for and on behalf of its Department of Aviation

August 29, 2012



DIA Plan of Financing 2012



Agenda



DIA's Approved Capital Improvement Plan for 2012-2018

Summary of the Plan of Finance

The Effect on Key Metrics

Time Table and Key Decision Points

6-Year Capital Improvement Plan Overview



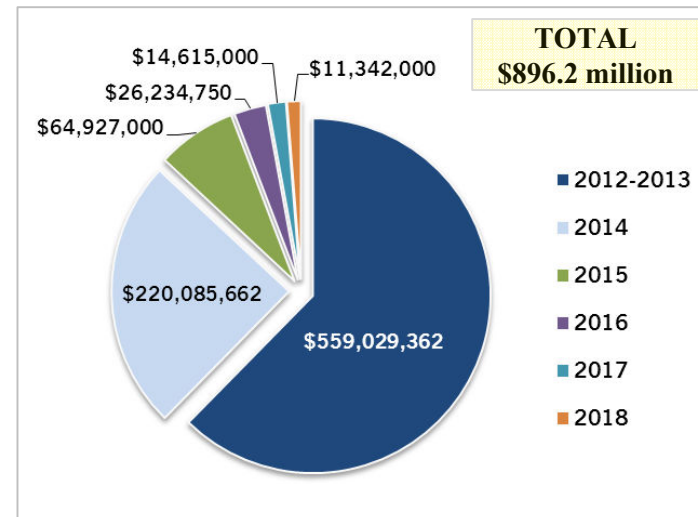
Summary (Unescalated 2012 \$ in millions)

FMT	Budget	Funded ¹	Balance
Airfield ²	\$216.2	\$66.6	\$149.6
Terminal Complex	81.3	-	81.3
Other CIP	75.1	19.8	55.3
Baggage/AGTS	37.7	-	37.7
Roads	42.4	-	42.4
Technologies	46.7	-	46.7
Commercial	45.7	-	45.7
Cargo	-	-	-
Environment/Utilities	17.5	-	17.5
Total FMTs	\$562.7	\$86.4	\$476.2
STRP ³	499.6	79.6	420.0
Total	\$1,062.3	\$166.1	\$896.2

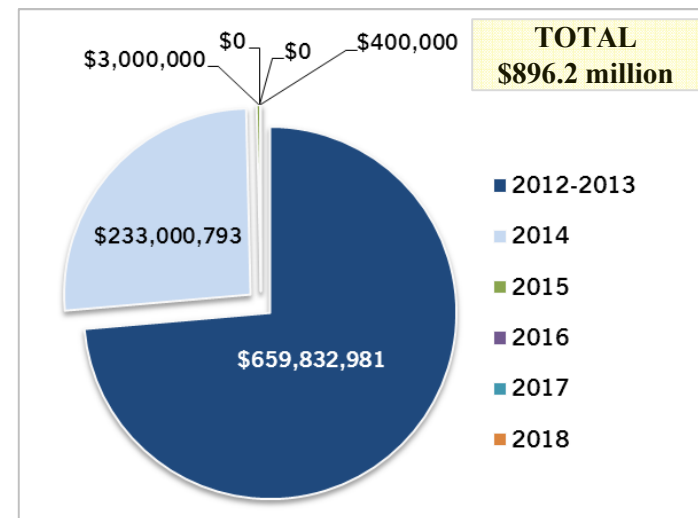
²Assumes FAA grants fund approximately \$66.6 mm of the budgeted needs

³Assumes \$66.6 mm funded with prior bond funds and \$4.9 mm funded with CP

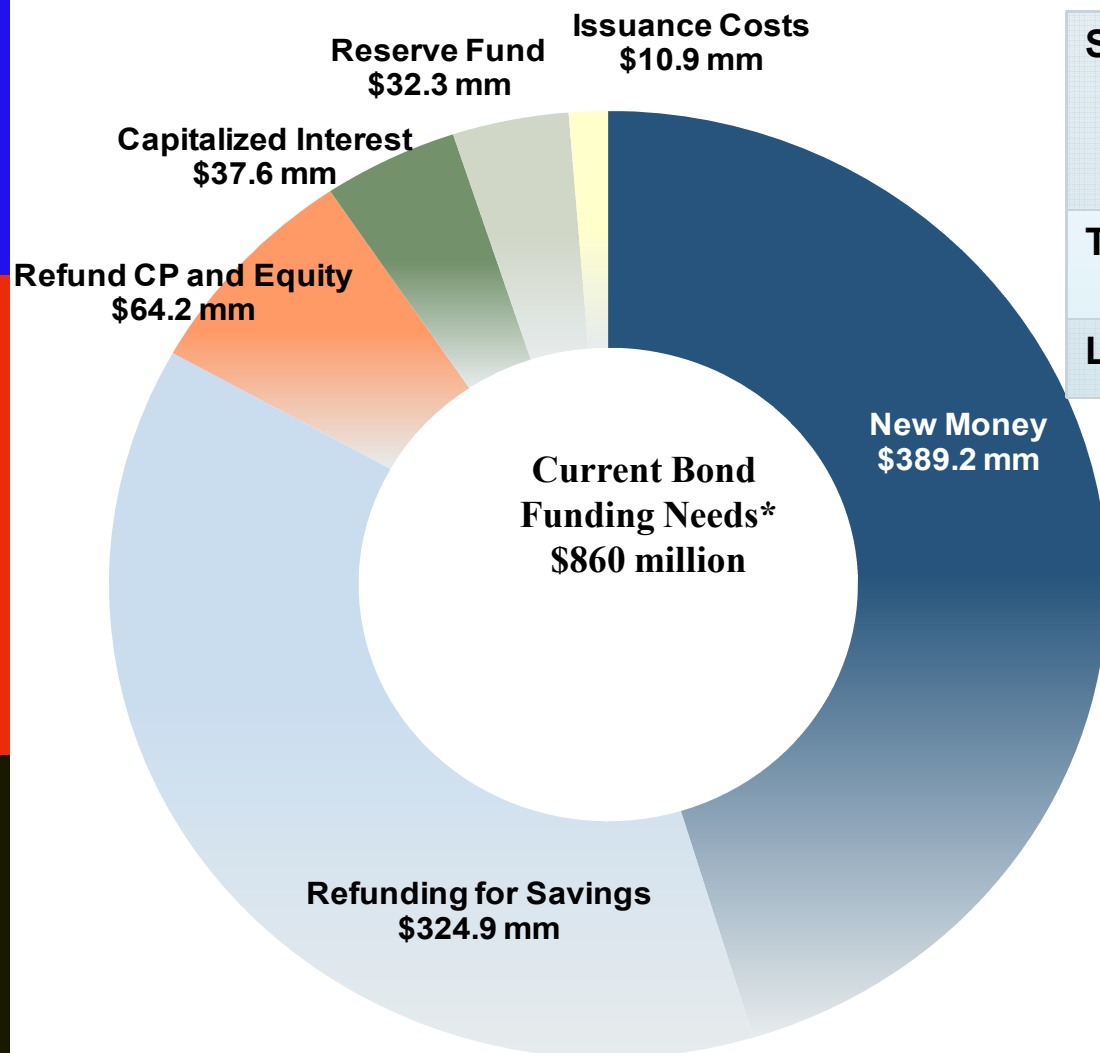
FMT / STRP by Cashflow Date



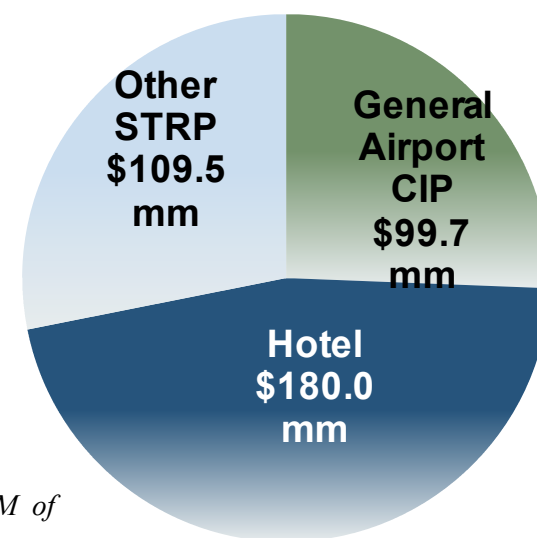
FMT / STRP by Encumbrance Date



Proposed DIA Senior General Airport Revenue Bonds

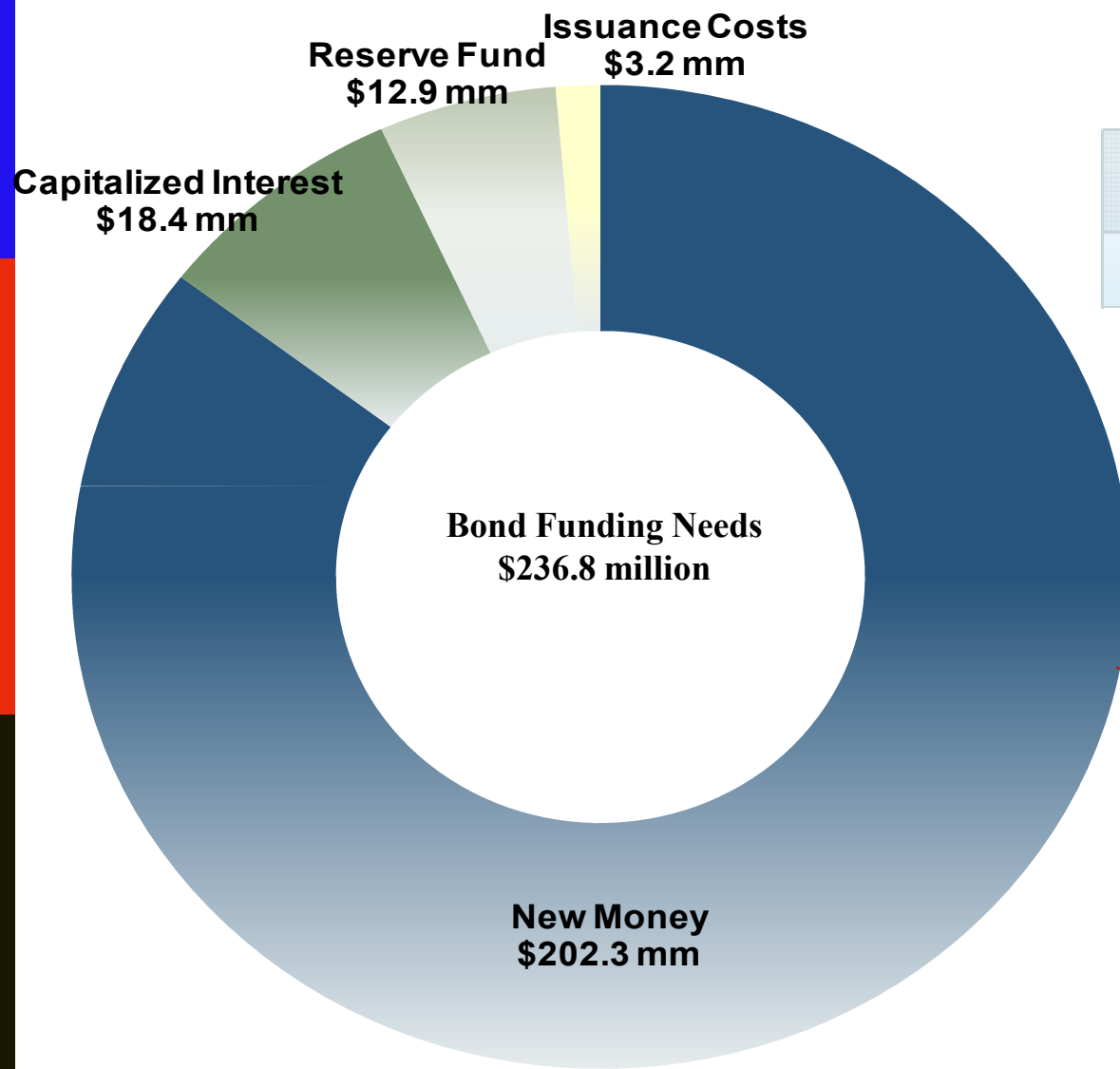


Series	2012A (AMT)	\$382mm
	2012B (Non-AMT)	\$478mm
	2012C (Taxable)	<u>\$0mm</u>
	Total	\$860mm
Target Timing	October 2012	
Lien	Senior	

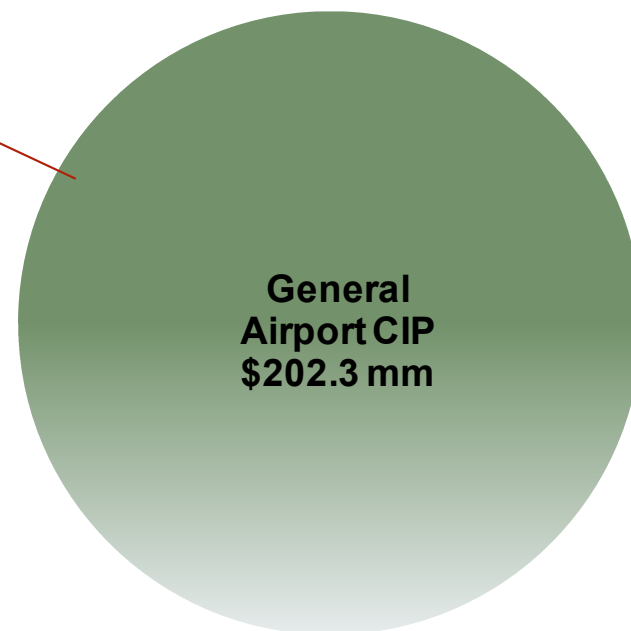


* Legal authorization of approximately \$1.3B is being sought to allow for the ability to capture up to \$340M of additional refunding candidates and \$100M for AMT status

Proposed DIA Subordinate General Airport Revenue Bonds



Target timing	November 2012 – February 2013
Lien	Subordinate



Key statistics related to the proposed Bonds



	Senior Bonds Series 2012A (AMT) Series 2012B (Non-AMT) Series 2012C (Taxable)	Subordinate Bonds Series A-C of 2012
Modeled Bond proceeds	AMT - \$382mm Non AMT- <u>\$478mm</u> \$ 860 mm	\$ 240 mm
Modeled refunding needs⁽¹⁾	\$ 390 mm	\$ --
Refunding Savings	\$31mm	
Modeled new money needs⁽²⁾	\$ 427 mm	\$ 240 mm
All-in true interest cost	4.03%	4.50%
Final bond maturity	November 15, 2043	November 15, 2043
Average life	16.3 years	19.9 years
Interest due over life of Bonds (modeled proceeds)⁽³⁾	\$ 598 mm	\$ 222 mm

Based on bond interest rate market conditions as of August 16, 2012

⁽¹⁾ Includes \$64 mm to refund commercial paper and DIA equity used to fund capital improvements, excludes debt reserve and costs of issuance

⁽²⁾ Includes capitalized interest, but excludes debt service reserves and costs of issuance

⁽³⁾ Assumes \$727 mm of par amount of Senior Bonds and \$216 mm of par amount of Subordinate Bonds

Base case results for key DIA financial metrics -- low and high range for 2013 through 2020



- CIP level: \$1.1b before application of prior bond proceeds, AIP grants, DIA Capital Fund and Commercial Paper
- Bond financing assumptions
 - All senior lien bonds
 - Debt service amortization based on useful life and purpose of project
 - Interest rates: 100 basis points over current market

Metric	Pre-UAL Amendment	Post-UAL Amendment
Debt service coverage (all bonds)	1.65x to 1.77x	1.53x to 1.69x
Average cost per enplaned passenger	\$12.23 to \$14.04	\$11.12 to \$13.67
Days cash on hand	577 to 772 days	585 to 655 days

Sensitivity analysis -- major airline “de-hubbing” event and hotel decline



■ Key elements:

- Major airline “de-hubbing” event similar to the sensitivity analysis developed as part of 2010 affordability analysis
- Hotel decline based on Phoenix 2008 rating agency stress test

■ Sensitivity assumptions:

- Major airline de-hubbing event effective 2013
- Loss of all connecting traffic
- 50% reduction in originating passengers
- Corresponding reduction in leased gates and space
- All other assumptions remain the same (i.e., level of CIP, O&M Expenses, growth in traffic, etc.)

	Post-UAL Amendment		
Metric	Current	De-Hubbing Event & Reduced Hotel Performance Scenario	De-Hubbing Event
Debt service coverage (all bonds)	1.53x to 1.69x	1.39x to 1.53x	1.41x to 1.53x
Average cost per enplaned passenger	\$11.12 to \$13.67	\$13.09 to \$15.55	\$13.09 to \$15.53
Days cash on hand	585 to 655 days	372 to 540 days	469 to 540 days

Key decisions and timing



DIA senior management approval of capital improvement plan	Week of August 6
Review of capital improvement plan, plan of finance and key metrics with City CFO	Week of August 13
Review of capital improvement plan with Mayor	Week of August 20
Review of financing with Business, Workforce and Sustainability Committee	August 29
Mayor Council	September 11
First Council Reading	September 17
Second Council Reading	September 24
Pricing	Week of October 1
Implement financing program	Target closing by October 15