



2018 DEN BOND FINANCING

DENVER INTERNATIONAL AIRPORT
JULY 18, 2018

Why We Are Here



- Transaction Overview
- DEN Update
- Capital Program Overview
- Requested Ordinances
 - Series 2018A-C Airport Revenue Bonds
 - Passenger Facility Charges (PFC) Amendment
 - General Bond Ordinance (GBO) Amendments
- Timeline

- The City is issuing new money bonds to finance a portion of DENs 2018-2022 Capital Plan
 - Requesting authorization for an amount not to exceed \$3.5 Billion
 - Provides financing for the Airport's Capital Projects in the 2018-2022 Plan
 - Includes a \$50 million refunding opportunity
 - Recycling of existing liquidity facility
 - Funds also cover Capitalized Interest, Bond Reserve Account, Cost of Issuance
 - Bonds are not considered debt or obligations of the City and are solely payable from airport revenues
 - The final rate and par amount will be determined on the day of pricing
- Accompanying Ordinances
 - Passenger Facility Charges (PFC) Ordinance
 - General Bond Ordinance (GBO) Amendments

DEN by the Numbers



5th
Busiest

5th busiest airport
in the U.S.

20th busiest in
the world

61.4
Million

Record 61.4 million
passengers in
2017

Over 5%
growth

23
Airlines

Home to 23
airlines

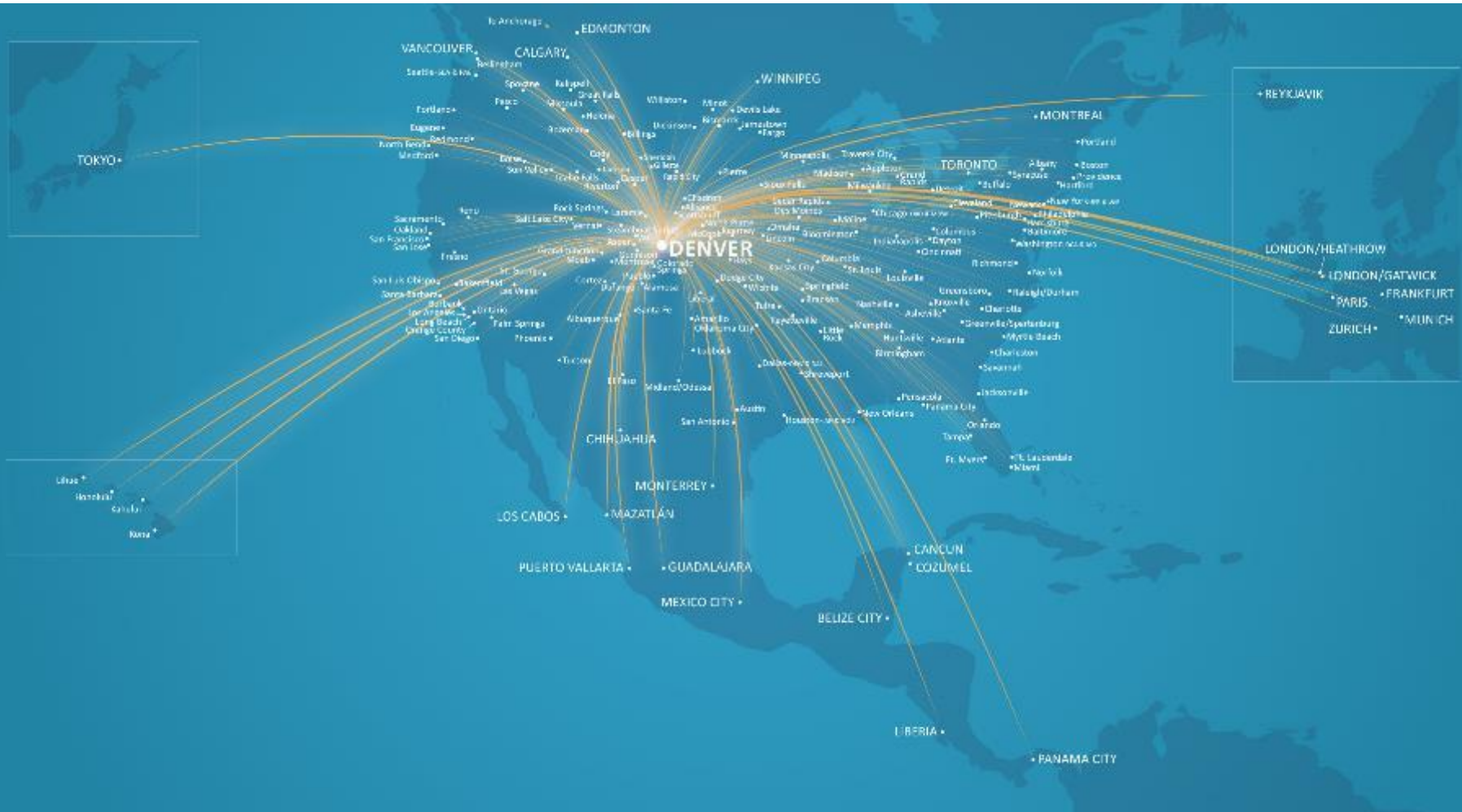
196
Cities

196
nonstop
destinations

26 international
cities in 11
countries

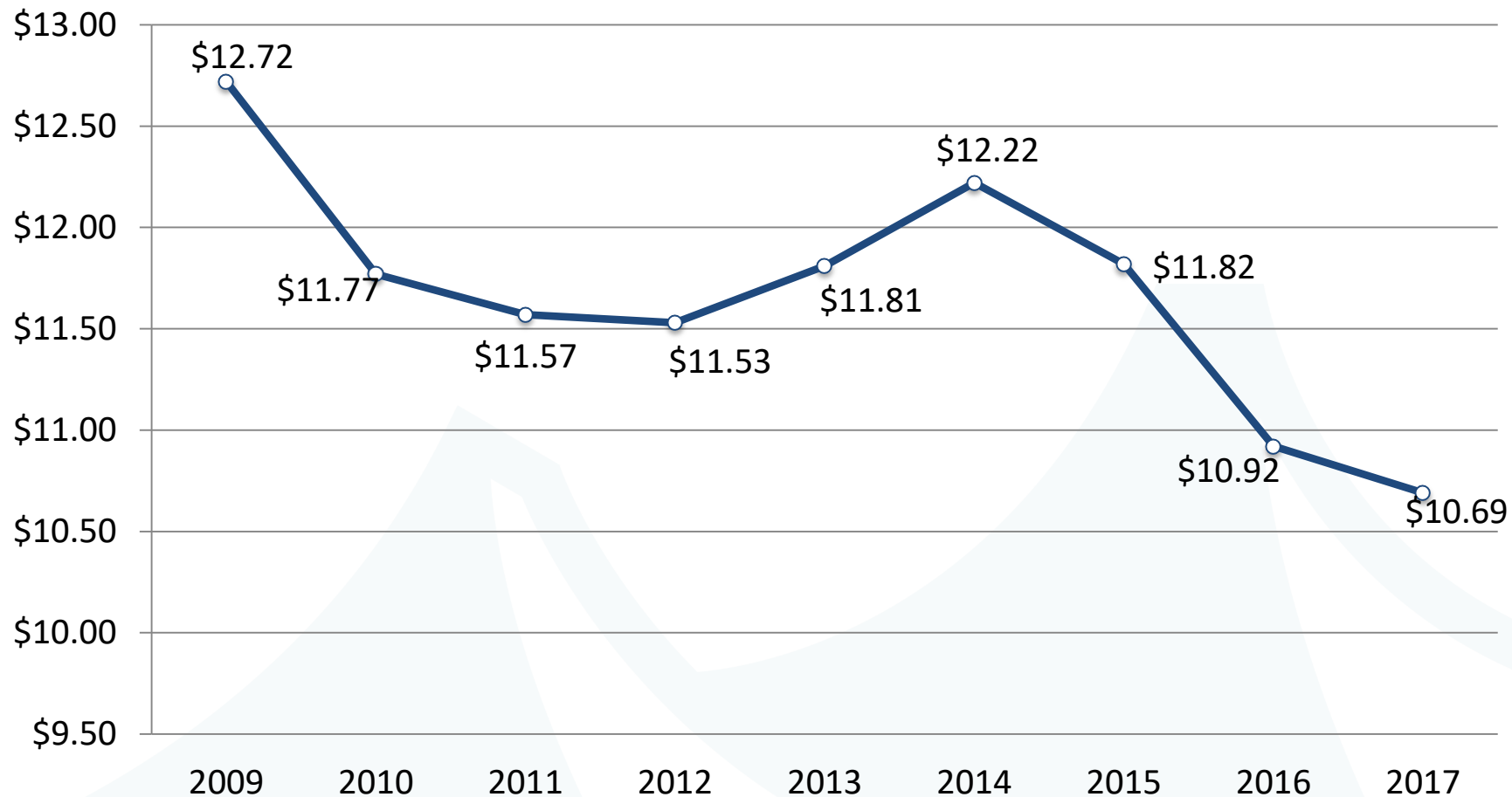
- Recorded billionth passenger in May 2017
- DEN has seen approximately 25 million passengers through May 2018 (+4.2%)
- Forecasting another record year with over 4% growth or 64 million passengers
- 3rd largest domestic network

Air Service Network

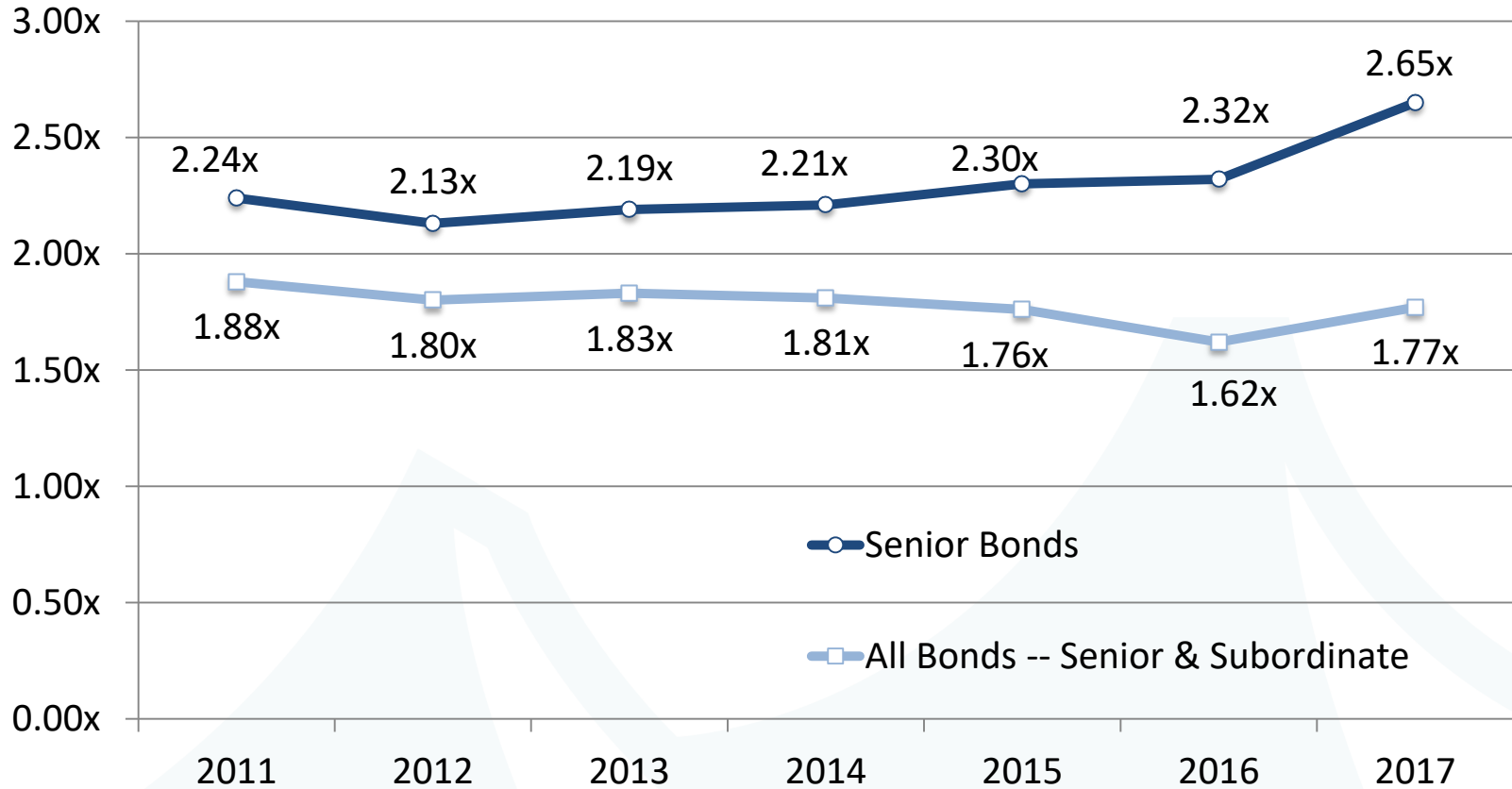


5 Note:
As of June 2018; some markets are seasonal and some markets are served less than daily

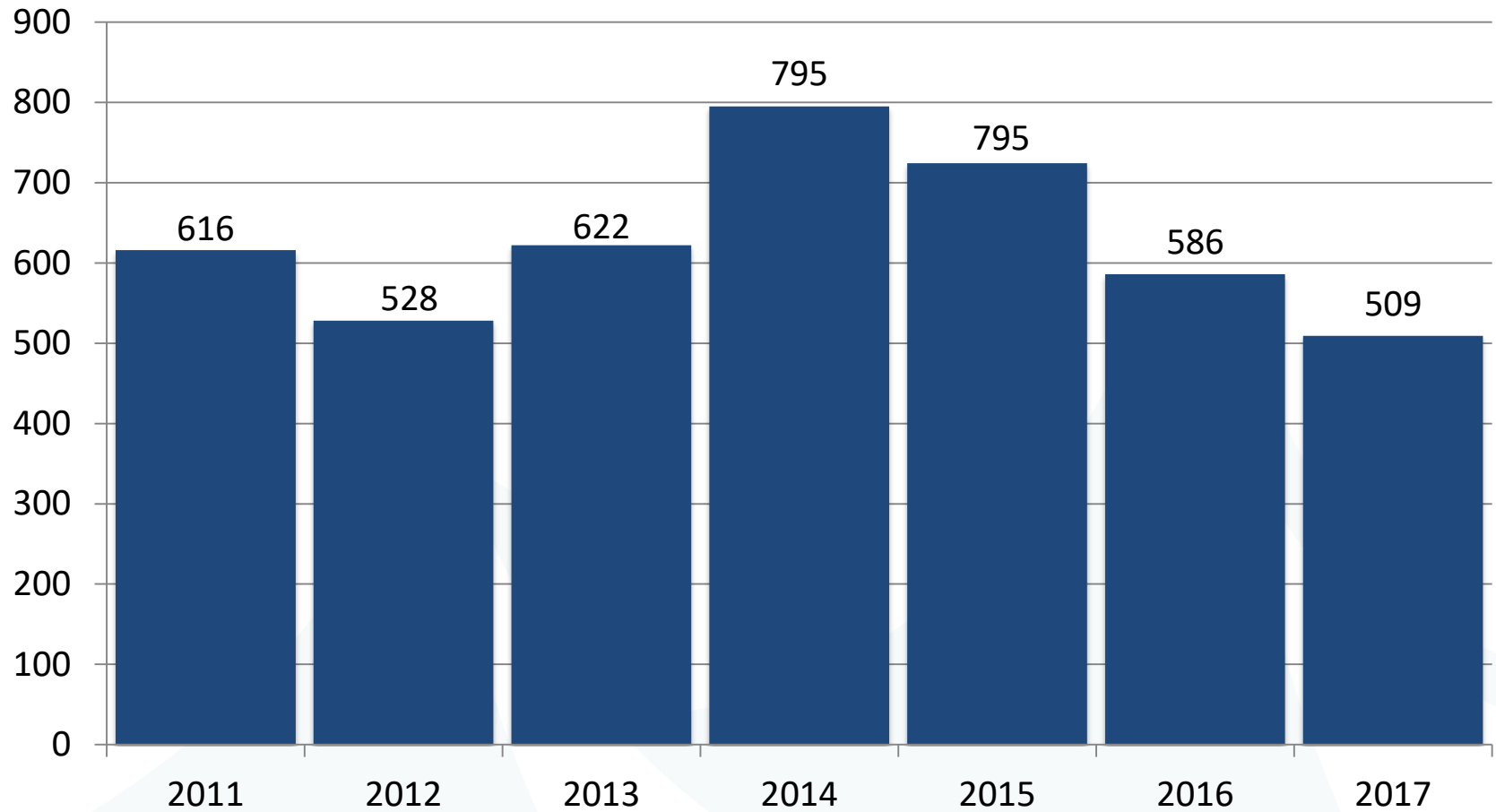
Cost Per Enplaned Passenger



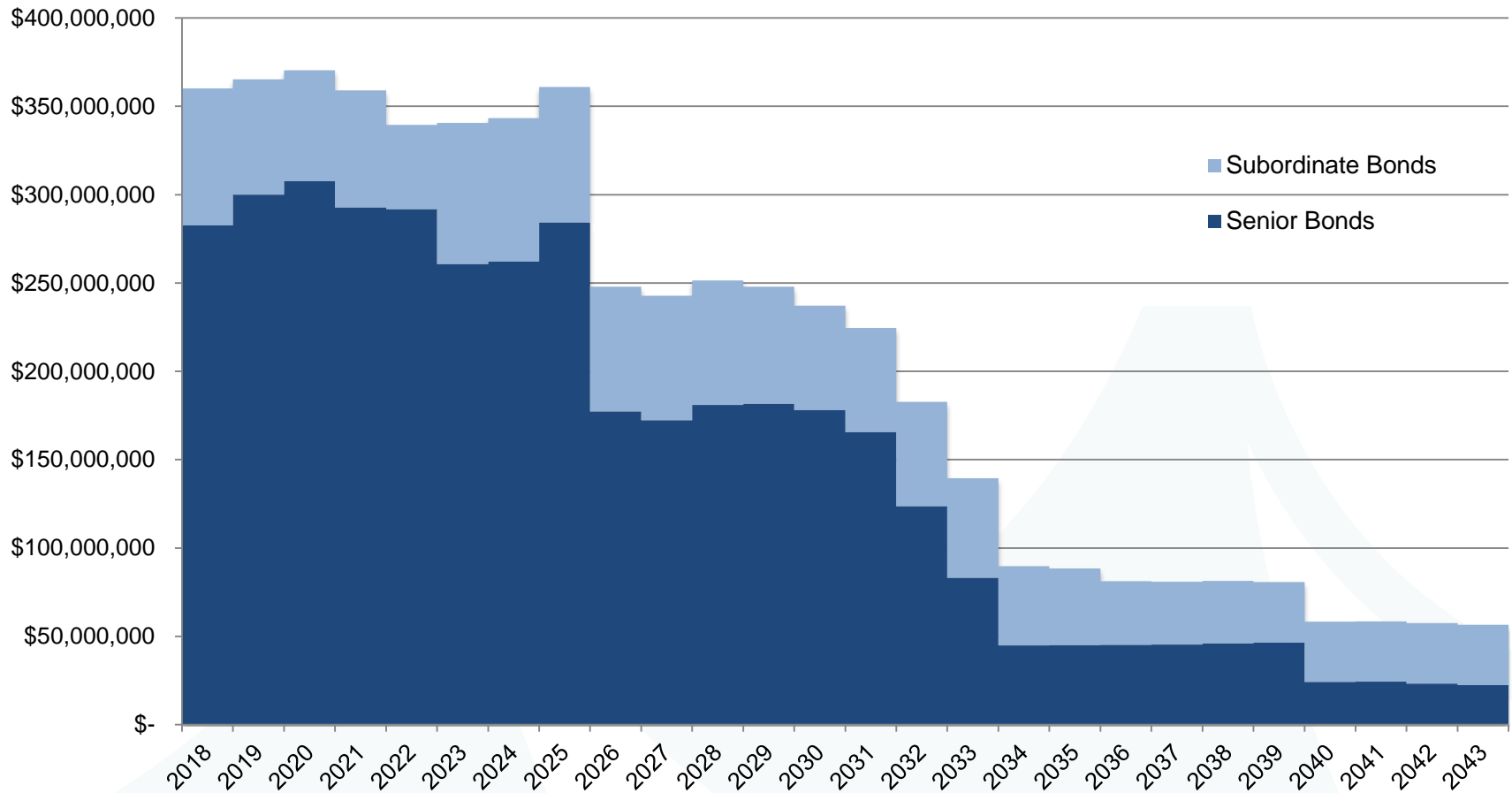
Strong Debt Service Coverage



Unrestricted Days Cash on Hand

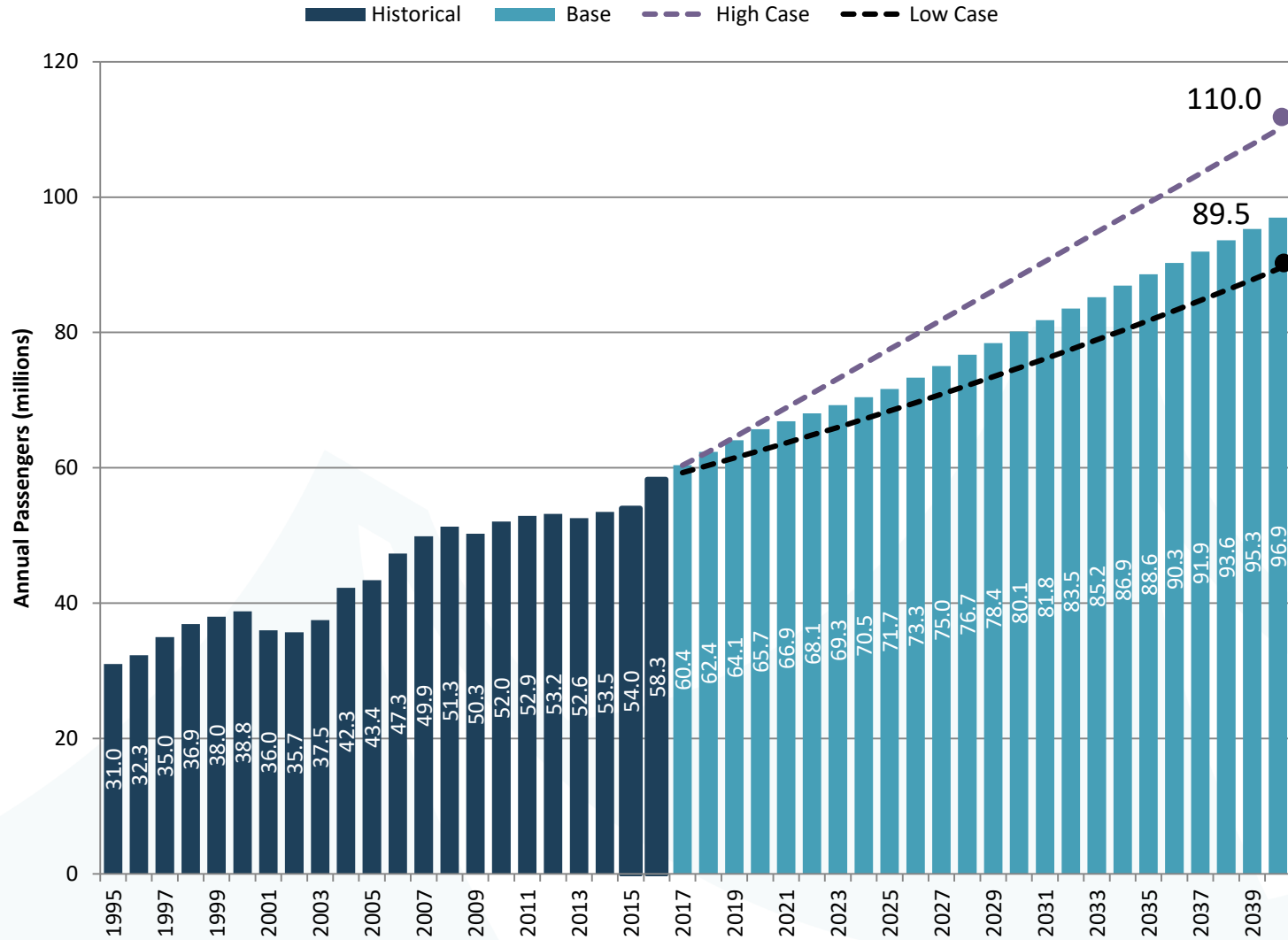


DEN Capital Structure Overview

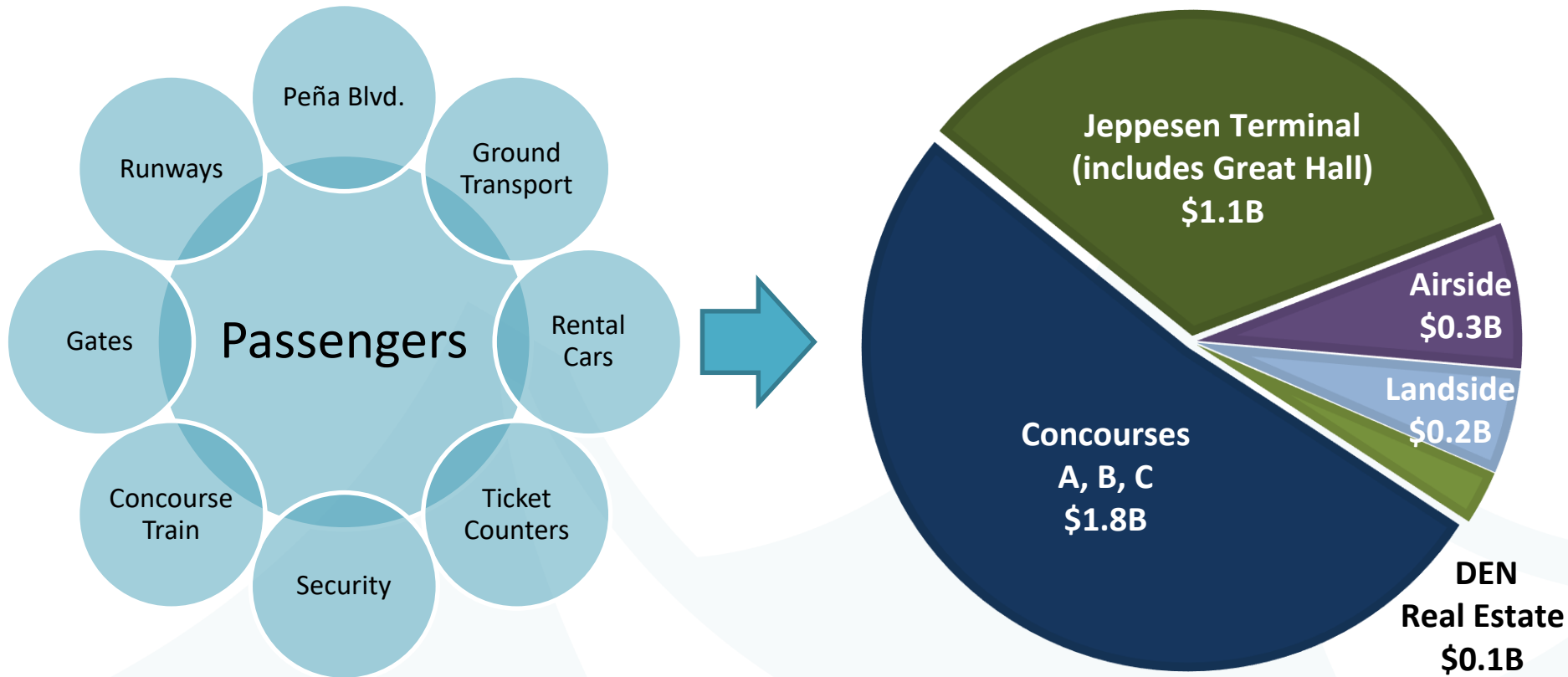


- More than \$2.1 billion of principal is scheduled to mature over the next 10 years

DEN Will Continue to Grow

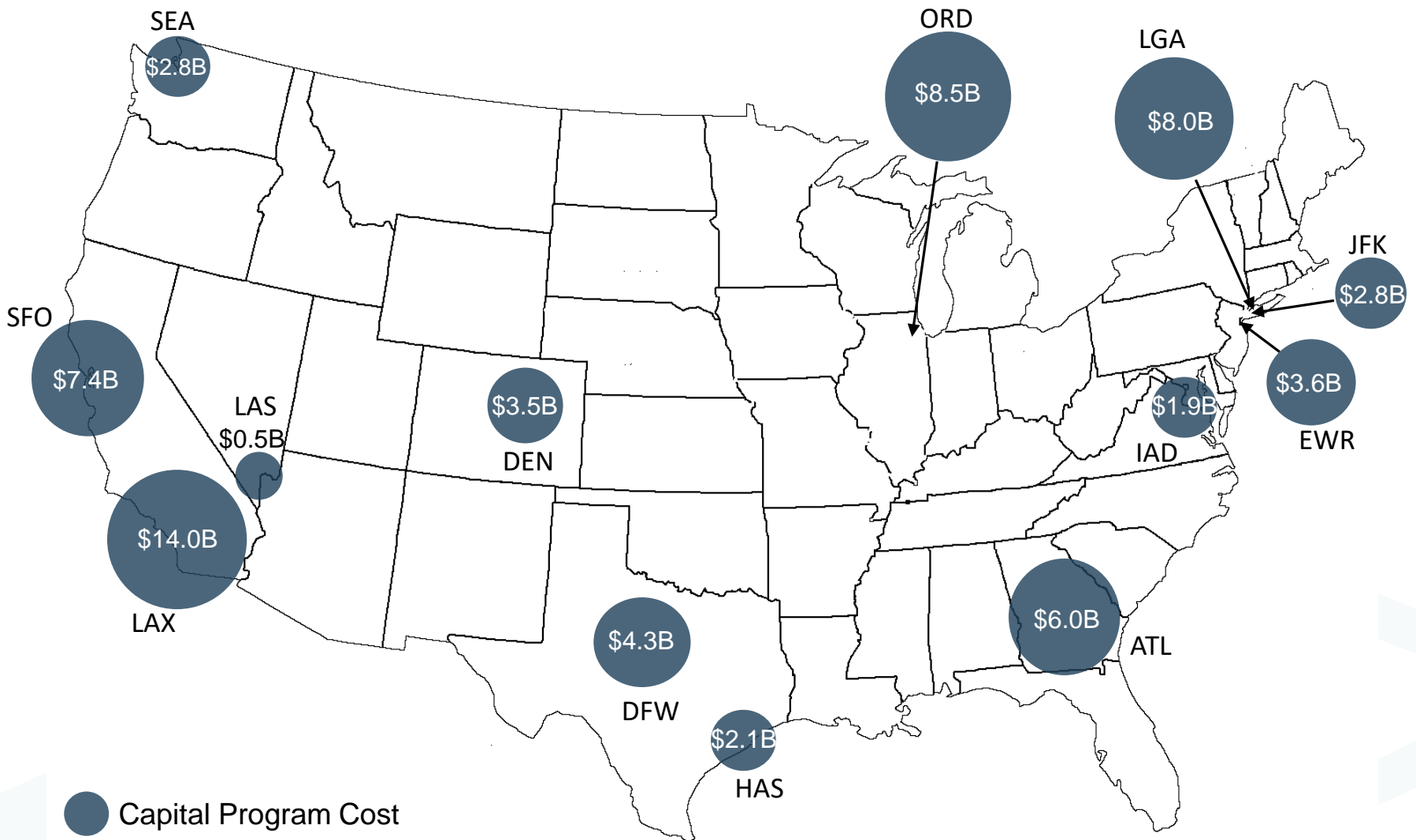


Pathway to Planning Process for the Capital Plan 2018-2022



- Preparing the Airport for the next 20 years
 - Plan additional capacity for growth in passenger volume
 - Stronger airline presence
 - Support economic growth in region
- Maintain and improve core facilities
 - Address aging infrastructure
 - Enhance passenger experience
 - Flexibility in design and function
- Revenue diversification
 - DEN Real Estate – Leverage land (53 square miles)
 - Great Hall – private sector expertise
 - Hotel/plaza – diversify commercial offerings

Major U.S. Airports Capital Programs

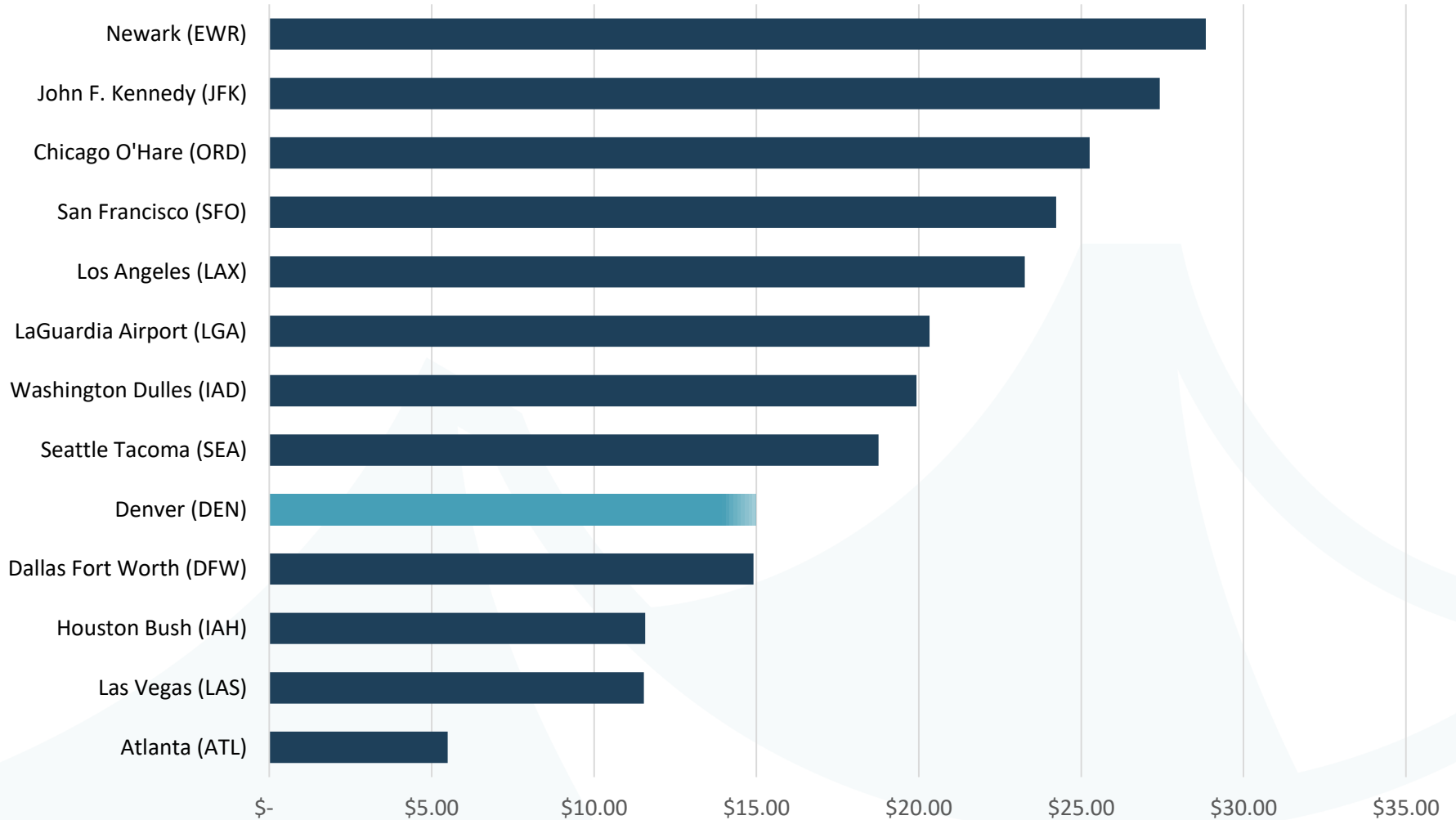


● Capital Program Cost

Major U.S. Airports CPE Forecast



2022 CPE



Development at DEN



GREAT HALL REDEVELOPMENT



DEN REAL ESTATE



GATE EXPANSION



CONCOURSE TRAIN



- DEN is continuing to invest in its facilities to accommodate future growth

Major Capital Projects



- Concourses A, B, C
 - Gate Expansion Program:
 - Concourse A West
 - Concourse B West
 - Concourse B East
 - Concourse C East
 - Airfield/Paving
 - Signage & Wayfinding Upgrades
 - Public Restroom Remodel
 - Conveyance Replacement Program
- Jeppesen Terminal
 - Great Hall Program
 - Automated Guideway Transit System
 - Baggage System Upgrades

Major Capital Projects Continued



- Airside
 - Airfield Rehabilitation
 - Gate Apron Rehab & Drainage Improvements Program
- Landside
 - East Peña Blvd. Y-Split Realignment
 - Annual Roadway Rehab
 - Revenue Control System Replacement
- DEN Real Estate

Ordinance Requests



- Issue Series 2018A-C Airport System Revenue Bonds
 - Maintains:
 - A Competitive Cost Per Enplanement
 - Solid Debt Service Coverage
 - Approximately 500 Days Cash on Hand
- Passenger Facility Charges (PFC) Ordinance
 - Current PFC Ordinance is set to expire on December 31, 2018
 - Allows the Airport to continue to recognize PFCs as Gross Revenues
 - PFCs will be continue to be utilized as authorized by the FAA
- General Bond Ordinance (GBO) Amendments
 - Amendments have already been consented to by bond holders
 - Primary purpose is to update GBO language with current financial practices
 - Original GBO was drafted in 1984



COMPETITIVE ADVANTAGE

- Strong market position
- United lease amendment
- Air Service
- Comparatively low cost of growth

FINANCIAL TOOLS

- Conservative debt structure
- Strong operating and financial performance
- Airline Use and Lease Agreement

*“Smart infrastructure investment works”
– Bloomberg*

GROWTH DRIVERS

- Denver
- Capacity

*“Denver's expensive airport ignited a long economic boom”
– Bloomberg*

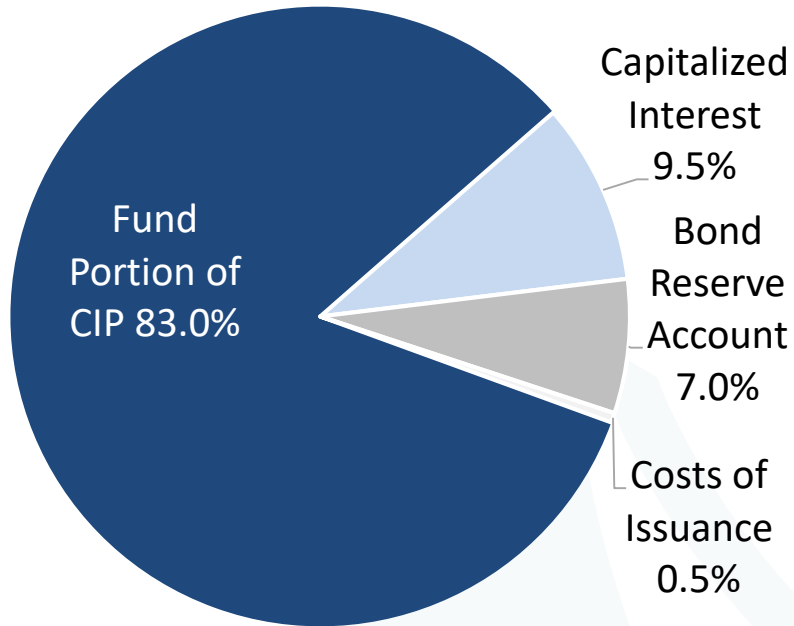
	2018 Series A (or C)	2018 Series B
Max Par Amount*	\$3.1 Billion	\$400 Million
Lien	Subordinate fixed rate bonds	Subordinate fixed rate bonds
Tax Status	A- Subject to Alternative Minimum Tax C- Taxable	Exempt from Alternative Minimum Tax
Not to Exceed Interest Rate	5% for tax-exempt bonds 6% for taxable bonds	5%
Final Bond Maturity	2048	2048

** The final rate and par amount will be determined on the day of pricing*

Key Factors:

- The Bonds are special obligations of the City, for and on behalf of the Department of Aviation, payable solely from and secured by a pledge of the Net Revenues of the Airport System
- Series C Bonds will only be issued in lieu of Series A, if economics are favorable
- Costs associated with the transaction will be paid from the proceeds
- Ratings evaluation of bonds is currently underway

Uses of Fund



Series 2018A/C	AMT/Taxable	\$3.1B
Series 2018B	<u>Non-AMT</u>	<u>\$0.4B</u>
	Max Authorization	\$3.5B
Target Timing	August 2018	
Lien	Subordinate	
Current Subordinate Ratings	A2/A/A Moody's, S&P, Fitch	

Timeline



- Ordinance Requests – July 9, 2018
- Business Committee – July 18, 2018 
- Mayor Council – July 24, 2018
- Filing of Bond Documents – July 25, 2018
- First Reading – July 30, 2018
- Second Reading – August 6, 2018
- Bond Pricing (Sale) – Week of August 13, 2018
- Closing – Week of August 20, 2018

