
HARTSFIELD-JACKSON ATLANTA INTERNATIONAL AIRPORT



EFFECTIVE CAPITAL PLANNING MANAGEMENT

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Introduction

- Overview of Hartsfield Jackson Atlanta International Airport (HJAIA)
- Capital Improvement Plan
- Strategic Capital Planning Process
- CIP Funding Approach



Overview of HJAIA

- Hartsfield-Jackson Atlanta International Airport is the world's busiest airport:
 - 89.4 million passengers
 - 994,346 aircraft movements
- HJAIA is operated by the Department of Aviation (DOA) of the City of Atlanta



HJAIA's Capital Improvement Plan

- CIP in 1999 for \$5.4 billion
- The CIP, estimated to cost \$6.2 billion, is being implemented through 2012
- Major projects that have been completed or are under construction include:
 - Runway 10-28 & Airfield Improvements
 - CONRAC & APM Connector
 - Terminal Improvements



HJAIA's Capital Improvement Plan (continued)

- HJAIA is advancing the Maynard H. Jackson International Terminal (MHJIT)
 - Estimated Cost: \$1.7 billion
 - Completion Date: Fall 2011
- HJAIA funded \$470M of capital projects in FY 2007



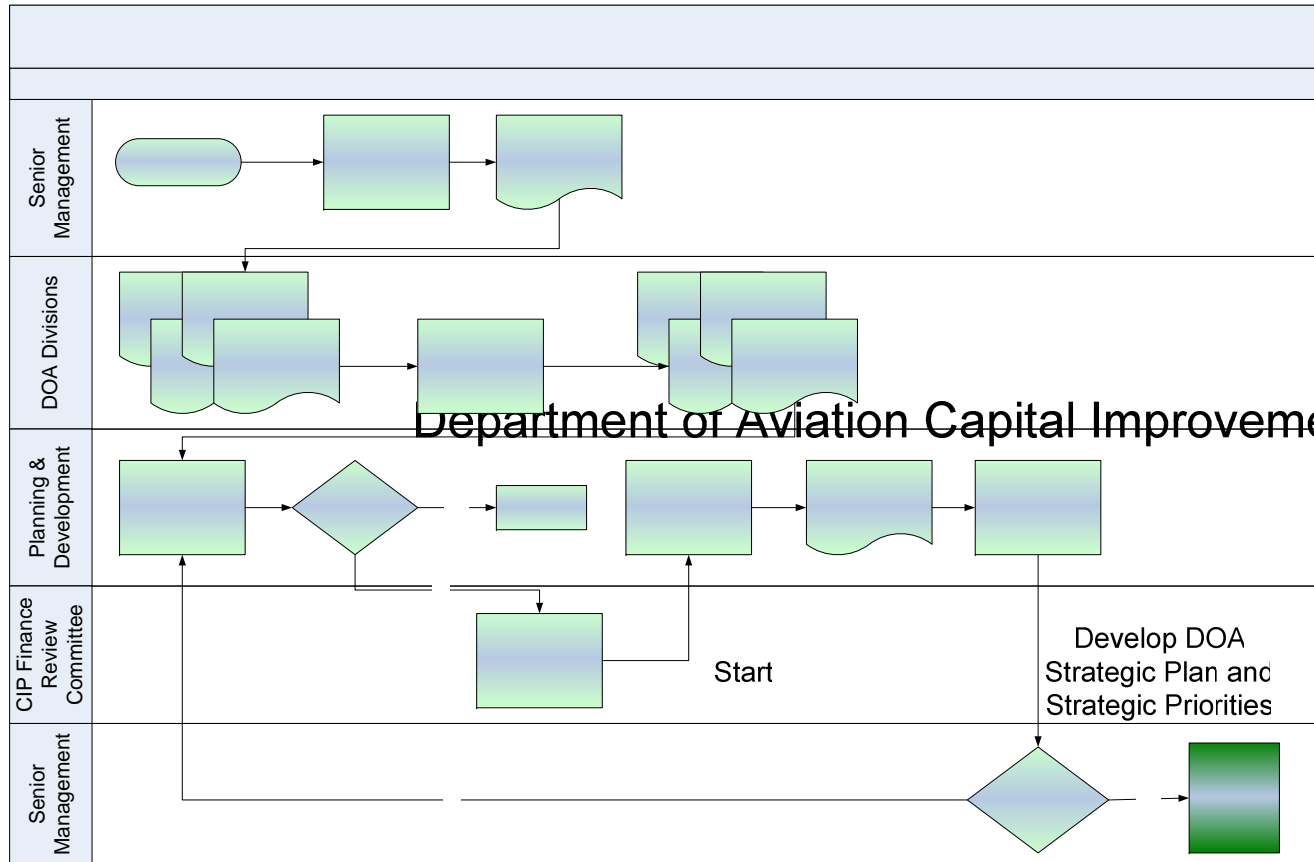
HJAIA Capital Planning Process

- The Department of Aviation annually updates the Airport's CIP consistent with the DOA's Strategic Plan.
- All projects must go through a "Business Justification" Process
- Review Committee of AGM evaluates all projects that cost in excess of \$100,000 or that require City Council approval



HJAIA Capital Planning Process

(continued)



Department of Aviation Capital Improvement Plan (CIP)

DOA Strategic Plan

Potential Project

Potential Project

Develop Business Justification including Cost/Benefit Analysis

HJAIA Capital Planning Process (continued)

- Key elements of CIP development process include:
 - Multi-disciplinary review of key project assumptions for cost and timing
 - Inclusion of appropriate Management Reserves as financial contingencies for unknown conditions
 - Cost-benefit assessment of projects to prioritize those that best meet our Strategic Plan objectives
 - Review of potential operating budget impacts (incremental costs and/or savings) of CIP projects to be included in Finance's multi-year forecasts



Financing the Capital Improvement Plan

- HJAIA funds its CIP from a variety of sources:
 - Senior Lien GARBs
 - Hybrid Bonds – Senior Lien PFC/Subordinate Lien GARB
 - Commercial Paper
 - PAYGO PFCs
 - Airport Cash (Renewal & Extension Fund)
 - Grants and LOI Funds
 - CFC-backed Bonds
- HJAIA currently has \$1.55B of GARBs and \$0.65B of PFC Hybrid Bonds outstanding



Financing the Capital Improvement Plan

(continued)

- DOA must appropriate funds for a project before a contract is executed. What happens as a result? Funds are tied up
- Commercial Paper has been preferred funding method to provide funding capacity because it is:
 - Low Cost
 - Flexible
- 2005 CP Program: \$550 million



Financing the Capital Improvement Plan

(continued)

- CP provides “just in time” funding to accommodate changes in construction schedules and funding requirements
- Commercial Paper spending is reimbursed with the issuance of long-term debt when:
 - Project nears completion
 - Project costs can be included in the airport rate base



2008 Funding Strategy

- Because of market dislocations, the cost and availability of Letters of Credit have dramatically changed
- As a result, for our upcoming financial needs, we will issue Bond Anticipation Notes and take them out with either:
 - Permanent funding with long term fixed rate bonds, or
 - New Commercial Paper, if circumstances improve over the next 12 -18 months

Conclusions

- Management of an airport capital plan is an ***ongoing process***
- HJAIA's Business Case process allows for a ***prioritization*** of capital projects and thorough analyses of financial and other factors
- HJAIA seeks to maintain CIP ***funding flexibility*** through use of Commercial Paper/BANS to accommodate changes in timing and budgets, and market conditions.

