



Leveraging CFCs — Using Consolidated Facility Charges to Fund Airport Projects

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Agenda



Using CFC Revenues



Pay-go or reimbursement



GARB



GARB with CFC support



Project finance bond











Example: complex multi-party,
multi-lien structure



Conclusion














Pay-go or Reimbursement

-  CFC is a distinct reliable revenue stream
 -  Separate & distinct from privilege, ground, and O&M fees
-  Project supported by currently available funds
 -  Either paying with CFC revenues
 -  Or reimbursing with CFC stream
-  Either way aggressive assumptions could lead to capital crunch and impact an airport's credit if –
 -  Construction costs escalate or rental usage drops
-  Efficient?



GARB — Key Rating Considerations

-  Service area and operational analysis
 -  Passenger demand & traffic composition
 -  Airport competition
 -  Airline analysis
-  Financial operations
 -  Balance sheet, operating statement and cash flow evaluation
 -  Forecast analysis
 -  Ratio and comparative analysis
-  Airport management and capital planning
-  Bond legal structure
-  Security: consolidated revenue stream that includes the CFC
















GARB with CFC Support

- ✈ Start with GARB analysis
 - ✈ Similar GARB issues of airport's economic model
 - ✈ Evaluate separate cash flow within the larger consolidated stream
 - ✈ Unintended consequences:
 - ✈ Potential drag on airport's future cash flow/debt coverage
 - ✈ Capex needs
 - ✈ Airport's future financial flexibility affected?







CFC-Supported Project Finance

-  Financing based on economics of stand-alone project
 -  Market demand for rental cars/competition
 -  Relationship of car rentals & aviation demand in specific market
 -  Historical trends:
 -  Transactions = renters x contract days
 -  Projections
-  Narrow revenue base
 -  CFC revenues = bondholder security
 -  CFC rate: capped or floating
 -  Contingent rent
-  Debt Structure
-  Construction related issues
-  Rental car operators







Benefits of Off-Balance-Sheet Transactions to Airports

Pros

-  Preserves airport debt capacity
-  Retains balance sheet strength
-  Lower CPE
-  Limits an airport's exposure to operating risk

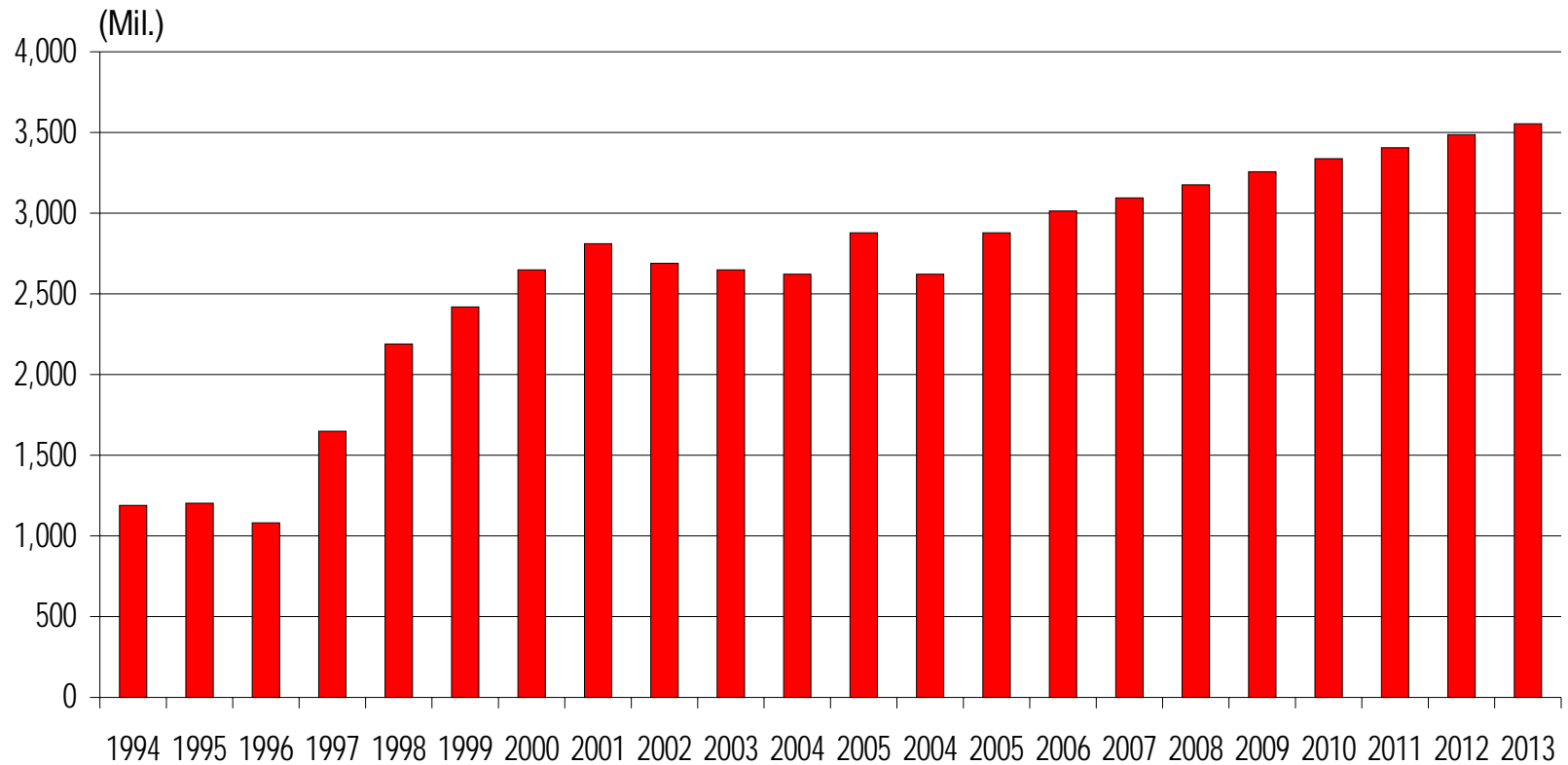
Cons

-  Reduces airport control of facility
-  Limits upside revenue potential
-  Potential for bankruptcy of obligor and project disruption
-  Project may not be well devised for other/future users



Example: Complex Multi-party, Multi-lien Structure

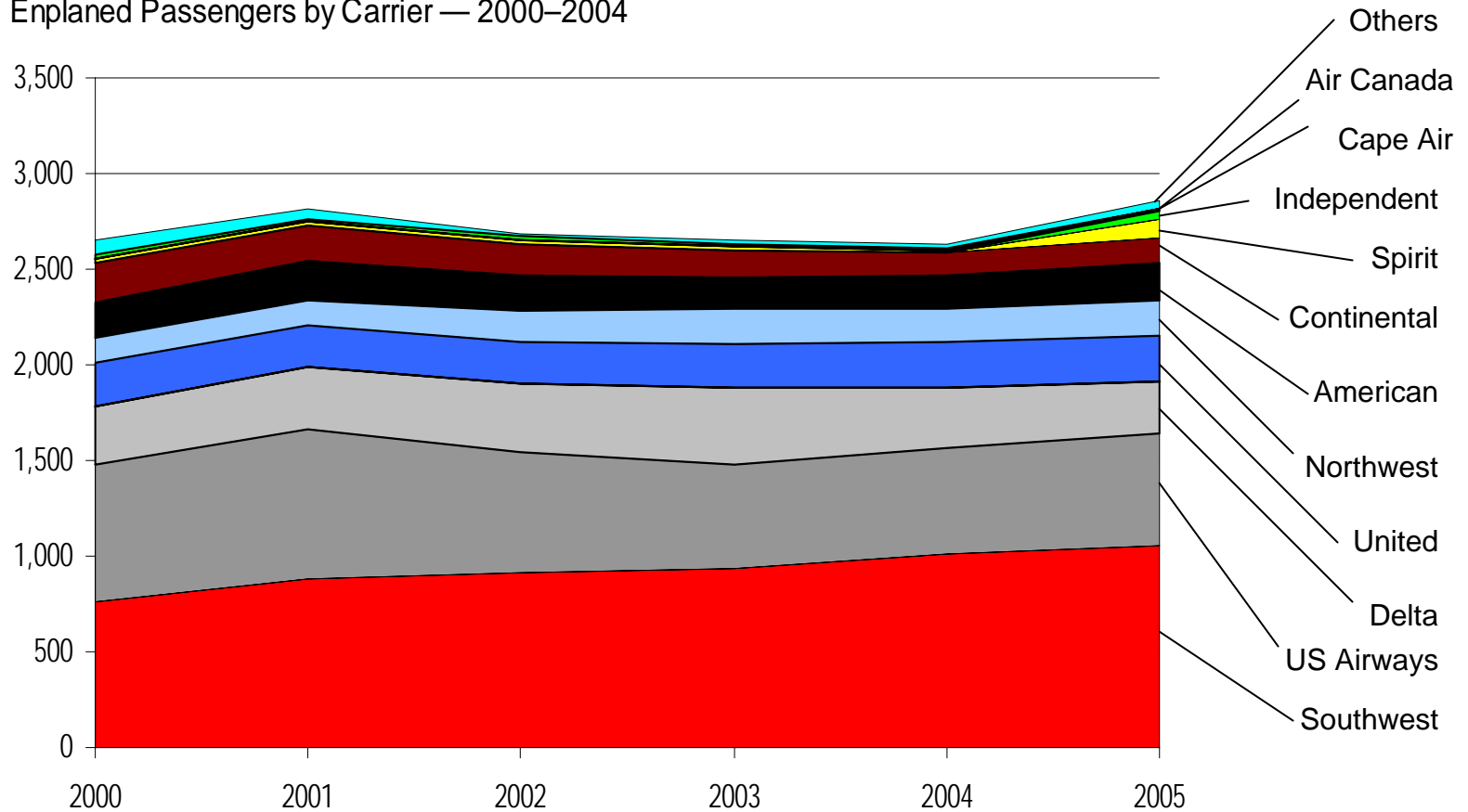
Historical and Forcasted Enplanements — 1994–2013





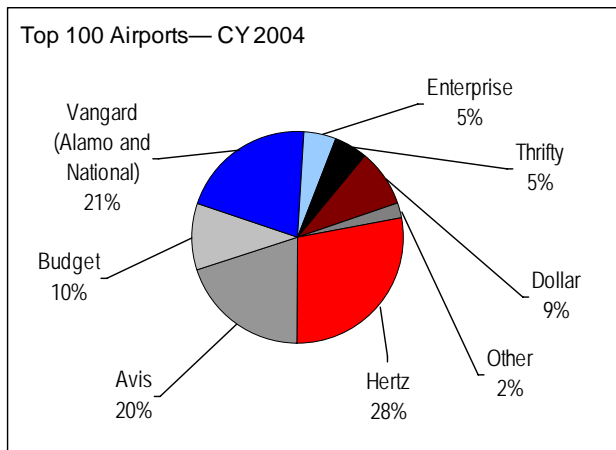
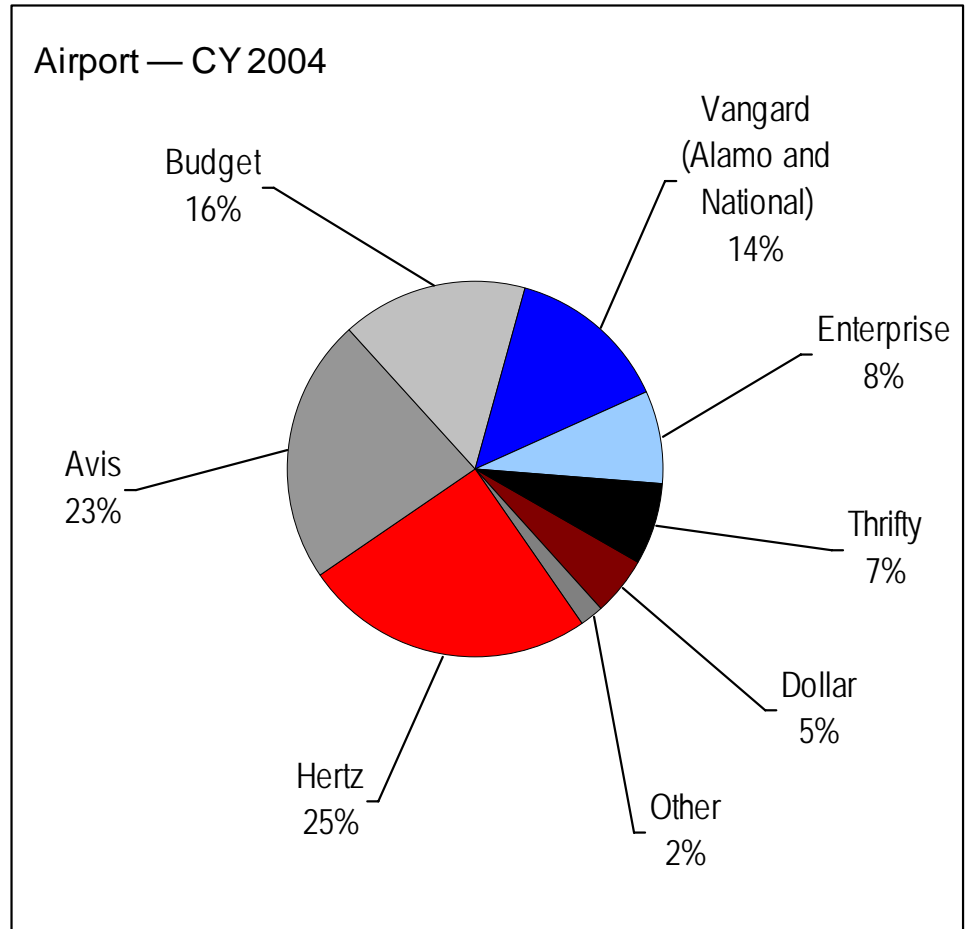
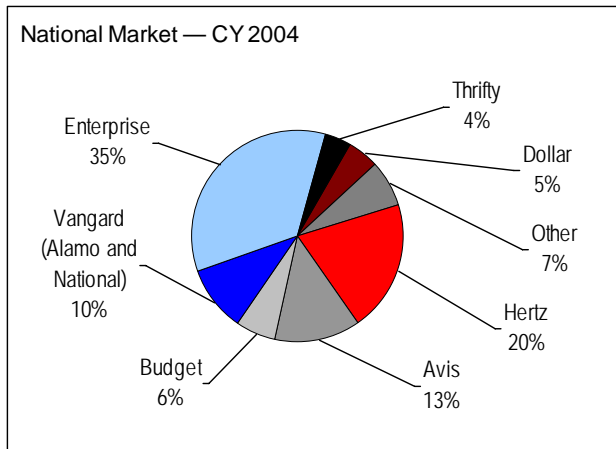
Example: Continued

Enplaned Passengers by Carrier — 2000–2004





Example: Continued





Example: Continued









Fitch's Base Case

(FY June 30; \$000)

Fiscal Year	Enpln.	Growth Rate	Transaction Days Per Enplanment	Transaction Days	CFC	Max CFC	Total Collections	Less: Amount Applied Toward Construction	CFC's Available for Debt Service	RAC Rental Fee	Invst. Earnings	TIFIA DSRF Earnings	Pkg.	Tenant Improvement Payments	O&M	Growth Rate	Amount Available for Debt Service	Series 2006 Debt Service	2006 Coverage	TIFIA Debt Service	TIFIA Coverage	Surplus Revenues	O&M Reserve	Require d O&M Reserve Balance	Fund Deficit	
2002	2,554		0.5270	1,347	3.75		4,960		4,960																	
2003	2,515	(2)	0.5120	1,287	3.75		4,827		(4,827)																	
2004	2,494	(0.8)	0.4900	1,221	3.75		4,580		(4,580)																	
2005	2,716	8.9	0.4790	1,302	3.75		4,881		(4,881)																	
2006	2,664	(1.9)	0.4792	1,276	3.75		4,787		(1,435)						(3,352)											
2007	2,688	0.9	0.4792	1,288	3.88		4,997		(4,991)			157														
2008	2,714	1.0	0.4792	1,301	4.13		5,372		(5,456)			156														
2009	2,742	1.0	0.4792	1,314	4.38		5,754		(2,020)			156			(3,908)											
2010	2,769	1.0	0.4792	1,327	4.50	5.50	5,971			4,411	675	148	156	546	(1,904)		4,487	1,806	2.48	1,873	1.22	808	952	952		
2011	2,797	1.0	0.4792	1,340	4.50	5.50	6,031			6,031	927	198	156	750	(2,616)		6,053	2,953	2.05	2,498	1.11	602	1,308	1,308		
2012	2,825	1.0	0.4792	1,354	4.50	5.50	6,091			6,091	955	198	156	772	(2,878)	10.0	5,901	2,991	1.97	2,498	1.08	413	1,439	1,439		
2013	2,853	1.0	0.4792	1,367	4.50	5.50	6,152			6,152	984	198	156	845	(3,165)	10.0	5,776	3,026	1.91	2,498	1.05	253	1,583	1,583		
2014	2,881	1.0	0.4792	1,381	4.50	5.50	6,214			6,214	1,014	198	156	871	(3,482)	10.0	5,577	3,067	1.82	2,498	1.00	13	1,596	1,741	* 145	
2015	2,910	1.0	0.4792	1,395	5.00	5.64	6,973			6,973	1,044	198	156	897	(3,760)	8.0	6,114	3,104	1.97	2,498	1.09	512	1,880	1,880		
2016	2,939	1.0	0.4792	1,409	5.00	5.78	7,043			7,043	1,075	198	156	924	(3,948)	5.0	6,054	3,143	1.93	2,498	1.07	413	1,974	1,974		
2017	2,969	1.0	0.4792	1,423	5.00	5.92	7,113			7,113	1,107	198	156	952	(4,146)	5.0	5,987	3,183	1.88	2,498	1.05	307	2,073	2,073		
2018	2,998	1.0	0.4792	1,437	6.00	6.07	8,621			8,621	1,140	198	156	981	(4,353)	5.0	7,350	3,223	2.28	2,965	1.19	1,161	2,177	2,177		
2019	3,028	1.0	0.4792	1,451	6.00	6.22	8,707			8,707	1,174	198	156	1,010	(4,571)	5.0	7,281	3,259	2.23	2,965	1.17	1,057	2,285	2,285		
2020	2,786	(8.0)	0.4792	1,335	6.25	6.38	8,345			8,345	1,209	198	156	1,040	(4,799)	5.0	6,755	3,306	2.04	2,965	1.08	484	2,400	2,400		
2021	2,675	(4.0)	0.4792	1,282	6.50	6.54	8,331			8,331	1,245	198	156	1,071	(5,039)	5.0	6,569	3,342	1.97	2,965	1.04	261	2,520	2,520		
2022	2,541	(5.0)	0.4792	1,218	6.50	6.70	7,915			7,915	1,282	198	156	1,103	(5,291)	5.0	5,969	3,388	1.76	2,965	0.94	(385)	2,135	2,646	* 511	
2023	2,821	11.0	0.4792	1,352	6.75	6.87	9,123			9,123	1,320	198	156	1,136	(5,556)	5.0	6,984	3,429	2.04	2,965	1.09	590	2,725	2,778	* 53	
2024	2,849	1.0	0.4792	1,365	7.00	7.04	9,556			9,556	1,360	198	156	1,170	(5,834)	5.0	7,213	3,469	2.08	2,965	1.12	779	2,917	2,917		
2025	2,877	1.0	0.4792	1,379	7.00	7.22	9,651			9,651	1,401	198	156	1,205	(6,125)	5.0	7,093	3,517	2.02	2,965	1.09	610	3,063	3,063		
2026	2,906	1.0	0.4792	1,393	7.00	7.40	9,748			9,748	1,443	198	156	1,241	(6,432)	5.0	6,961	3,554	1.96	2,965	1.07	441	3,216	3,216		
2027	2,935	1.0	0.4792	1,406	7.50	7.58	10,548			10,548	1,486	198	156	1,278	(6,753)	5.0	7,520	3,605	2.09	2,965	1.14	950	3,377	3,377		
2028	2,964	1.0	0.4792	1,421	7.50	7.77	10,654			10,654	1,531	198	156	1,316	(7,091)	5.0	7,371	3,648	2.02	2,965	1.11	758	3,545	3,545		
2029	2,994	1.0	0.4792	1,435	7.50	7.97	10,761			10,761	1,577	198	156	1,355	(7,445)	5.0	7,208	3,693	1.95	2,965	1.08	549	3,723	3,723		
2030	3,024	1.0	0.4792	1,449	8.00	8.16	11,593			11,593	1,624	198	156	1,396	(7,818)	5.0	7,300	3,741	1.95	2,965	1.09	594	3,909	3,909		
2031	3,054	1.0	0.4792	1,464	8.00	8.37	11,709			11,709	1,673	198	156	1,438	(8,209)	5.0	6,965	3,785	1.84	2,965	1.03	214	4,104	4,104		
2032	3,085	1.0	0.4792	1,478	8.50	8.58	12,565			12,565	1,723	198	156	1,481	(8,619)	5.0	7,503	3,835	1.96	2,965	1.10	703	4,310	4,310		
2033	3,116	1.0	0.4792	1,493	8.50	8.79	12,690			12,690	1,775	198	156	1,525	(9,050)	5.0	7,294	3,881	1.88	2,965	1.07	448	4,525	4,525		
2034	3,147	1.0	0.4792	1,508	8.50	9.01	12,817			12,817	1,828	198	156	1,571	(9,502)	5.0	7,068	3,932	1.80	2,965	1.02	170	4,695	4,751	* 56	
2035	3,178	1.0	0.4792	1,523	8.75	9.24	13,326			13,326	1,883	198	156	1,618	(9,978)	5.0	7,203	3,982	1.81	2,965	1.04	256	4,951	4,989	* 38	
2036	3,210	1.0	0.4792	1,538	8.75	9.47	13,460			13,460	1,939	4,592	156	1,667	(10,476)	5.0	11,337	4,027	2.82	2,965	1.62	4,345	5,238	5,238		
2037	3,242	1.0	0.4792	1,554	9.00	9.71	13,983			13,983	1,997	-	156	1,717	(11,000)	5.0	6,852	-	NA	6,227	1.10	625	5,500	5,500		
2038	3,275	1.0	0.4792	1,569	9.00	9.95	14,122			14,122	2,057	-	156	1,769	(11,550)	5.0	6,554	-	-	6,227	1.05	327	5,775	5,775		
2039	3,307	1.0	0.4792	1,585	9.25	10.20	14,660			14,660	2,119	-	156	1,822	(12,128)	5.0	6,629	-	-	6,227	1.06	402	6,064	6,064		
2040	3,340	1.0	0.4792	1,601	9.50	10.45	15,207			15,207	2,183	-	156	1,877	(12,734)	5.0	6,688	-	-	6,227	1.07	461	6,367	6,367		
2041	3,374	1.0	0.4792	1,617	9.75	10.71	15,763			15,763	2,248	-	156	1,933	(13,371)	5.0	6,729	-	-	6,227	1.08	501	6,685	6,685		
2042	3,407	1.0	0.4792	1,633	10.00	10.98	16,329			16,329	2,315	-	3,582	1,991	(14,039)	5.0	10,177	-	-	6,227	1.63	3,950	7,020	7,020		



Conclusion

-  Reviewed about a dozen transactions
-  Investment grade fundamentals
-  Structure determines rating
-  Future:
 -  More reliance/involvement from the rental car companies
 -  Contingent rent
 -  Operate the consolidated facility
 -  CFC rates: around \$4 per day (markets differ)



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