

# Airport Public-Private Lease Exploration Process

## Update to Board of E&A November 28, 2018

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### 1) Kick-Off Meeting with Service Providers - August 7, 2018

Working group commenced biweekly meetings

### 2) Effort Proceeding Along Various Work Streams As Detailed Below:

#### a) Airport Due Diligence

- o Consultants working with Airport personnel to provide operational and financial data as well as environmental assessment and land asset inventory
- o Secure data room established to receive upload of data

#### b) Community Outreach & Communications

- o Citywide canvass operations underway (e.g. door knockers, etc.)
  - Completed one lap around City
  - Knocked on 111,003 doors with 10,321 surveys completed as of November 18th
- o Group presentations and regional survey effort to begin shortly
  - Scheduling is ongoing for community groups
  - Airport employee meetings scheduled for December 4th-5th
  - Regional polling beginning this week (Nov. 26th) to be completed December 16th

#### c) New Use Agreements, Lease, FAA

- o Meeting held with FAA in late July to apprise of status of process
- o Initial meetings with airlines have taken place to set stage for negotiations on use agreements (any lease arrangement must be approved by 65% of airlines)
  - Draft MOU without business terms in the works
  - Business terms to be derived from financial projections on base case & P3 scenarios which are in process
- o Next meeting with airlines scheduled for December 3rd

#### d) Marketplace

- o Retained third-party advisors to:
  - Provide tax/accounting advice in connection with a potential P3
  - Provide financial projections (revenue, opex, capex) under the as-is and P3 scenarios to inform use agreement with the airlines and a city go/ no go decision with respect to launching a process; provide advice with respect to qualifications and operating standards; and provide a due diligence report to share with market participants to extent City launches process
- o Notice of City priorities and communications protocol sent to likely market participants (approximately 40)
  - Includes airport operators, infrastructure funds, pension plans, etc.
  - Significant level of interest from the market; currently high level of capital seeking

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to invest in US infrastructure

- o Fielding periodic questions from market while remaining cognizant of a) confidentiality, b) maintaining level playing field and c) the City has not yet decided to launch a process
  - Key questions include: process timing, approval process, transaction profile
- o Ongoing actions include: developing/refining qualification criteria; drafting the potential RFQ (and RFP); preparing non-disclosure agreements; refining financial projections with input from 3rd party advisors, etc.

### e) Existing Debt & Finance

- o Confirmed that any lease will require paying off / defeasing existing Airport debt in full
  - Any lease proceeds to be applied to debt retirement in "waterfall" fashion based on existing debt structure requirements
- o Confirmed that lease under FAA program is only way proceeds can be taken off Airport
- o Drafted memorandum of overview of existing Airport bonds and comparison with debt with other airports
- o Drafted memorandum of overview of restrictions on Airport development using existing Airport debt structure

### f) Legal / Compliance

- o Working group meetings open to public and posted on website

### 3) Timetable

- o Overall process to take 18 to 24 mos. (with go/no go points along way)  
Nearer Term:
- o Financial Modeling taking place over next couple of months (end Dec. / early Jan.)  
which will provide basis on whether to proceed to RFQ & RFP
- o Negotiations with Airlines along similar timetable; goal is an agreed upon MOU between airlines and the City
- o If the City proceeds with this exploration, RFQ and RFP process to commence after City go/no go decision and agreement on MOU with airlines