

Airport Public-Private Lease Exploration Process Update

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

1/10/19 UPDATE: Most critical operational and financial information uploading now complete
Evaluation of capital expenditures for financial modeling purposes continues

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

1/10/19 UPDATE: Some secondary citywide canvassing now complete as well as regional survey
Q&A with airport employees conducted first week of December with more information to be posted
Community group presentations to begin in February
Preparations underway for survey of air passengers at Airport

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
 - Understanding the potential operator clause within the RFQ/RFP

1/10/19 UPDATE: Meetings to continue

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

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- 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 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.

1/10/19 UPDATE: Development of financial modeling continuing; will guide next steps

e) Existing Debt & Finance

- o Confirmed that any lease will require paying off / defeasing existing Airport debt in full
- o Drafted memorandum of overview of existing Airport bonds and comparison to 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 (MOU to precede next step)
- o If proceeding then RFQ and RFP process to commence in 1st/2ndQ 2019