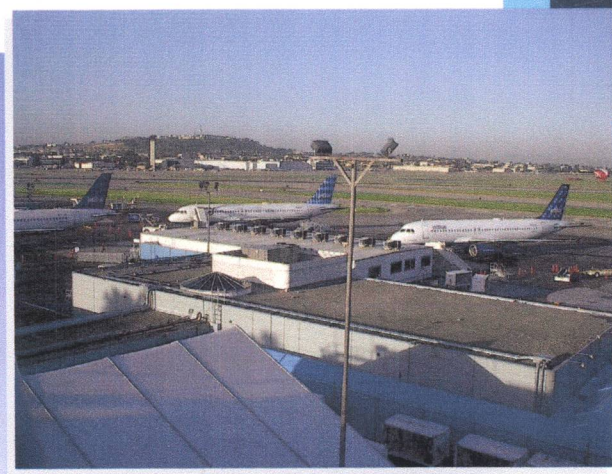




city of  
**longbeach** CA



# City of Long Beach Airport Commercial Paper Program

[October 19, 2004]



# Overview of Commercial Paper (CP) Program



- **Size:** Not-to-exceed \$15 million
- **Purpose:** Provides the City's airport with short-term borrowing to cover cashflow shortfalls as the airport undertakes *rehabilitation and maintenance projects*
  - Included in the Public Works Department's 6-year Capital Improvement Program
  - Provide the airport with short-term cash flow borrowing
- **Structure:** Short-term obligations maturing from one to 270 days
  - Debt service payments guaranteed by 3-year direct-pay letter of credit provided by Bank One
  - Short-term and CP notes are supported by general airport revenues

Benefits	Risks
<ul style="list-style-type: none"><li>■ Traditionally, lower borrowing costs</li><li>■ Flexibility to draw down funds as needed</li><li>■ Flexibility to repay as desired</li></ul>	<ul style="list-style-type: none"><li>■ Interest Rate Risk</li><li>■ Rollover Risk (Notes)</li><li>■ Renewal Risk (Letter of Credit)</li></ul>

# Plan of Finance – Commercial Paper Program

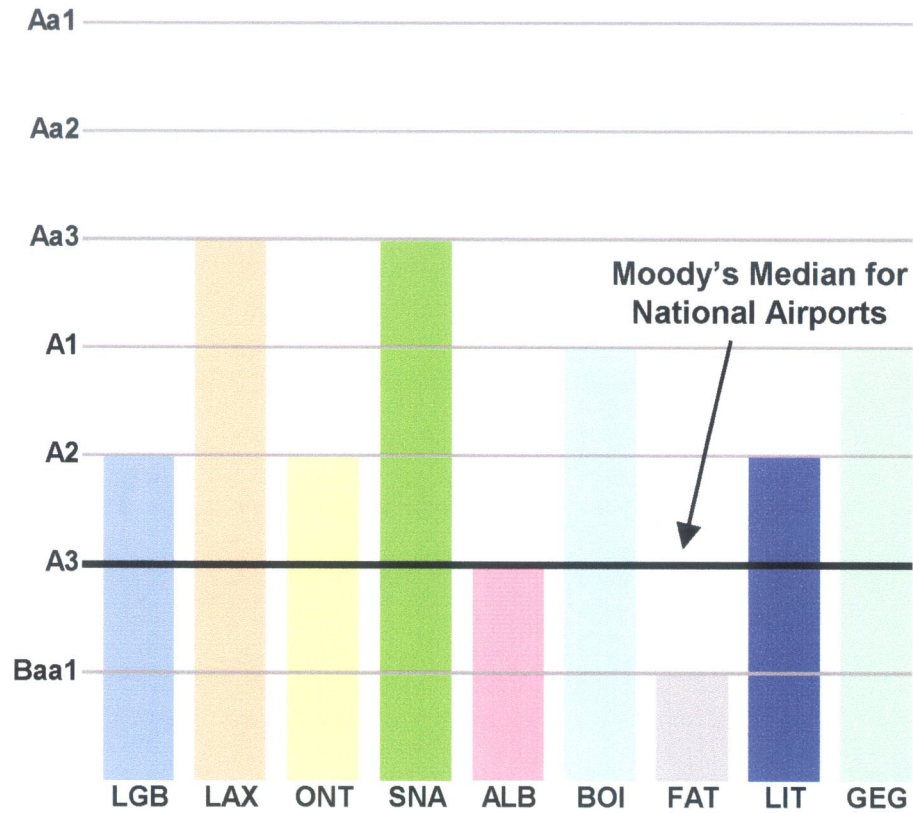


- The CP Program will constitute subordinate obligations of the Airport - subordinate to Series 1993 Airport Certificates of Participation (“1993 COPs”)
- CP Revenue Pledge
  - Subordinate Net Revenues = Airport Revenues less Airport Maintenance and Operation Costs less 1993 COPs
- Rate Covenant
  - Continues to be 125% of annual Debt Service on 1993 COPs
  - Subordinate Net Revenues must equal 110% of Annual Aggregate Debt Service on Outstanding Subordinate Obligations
- Ratings
  - Moody’s: A2 ↗ **Definition:** Issuers rated **A** present above-average creditworthiness relative to other US municipal or tax-exempt issuers.
  - Fitch: A- → **Definition:** High credit quality. 'A' ratings denote a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

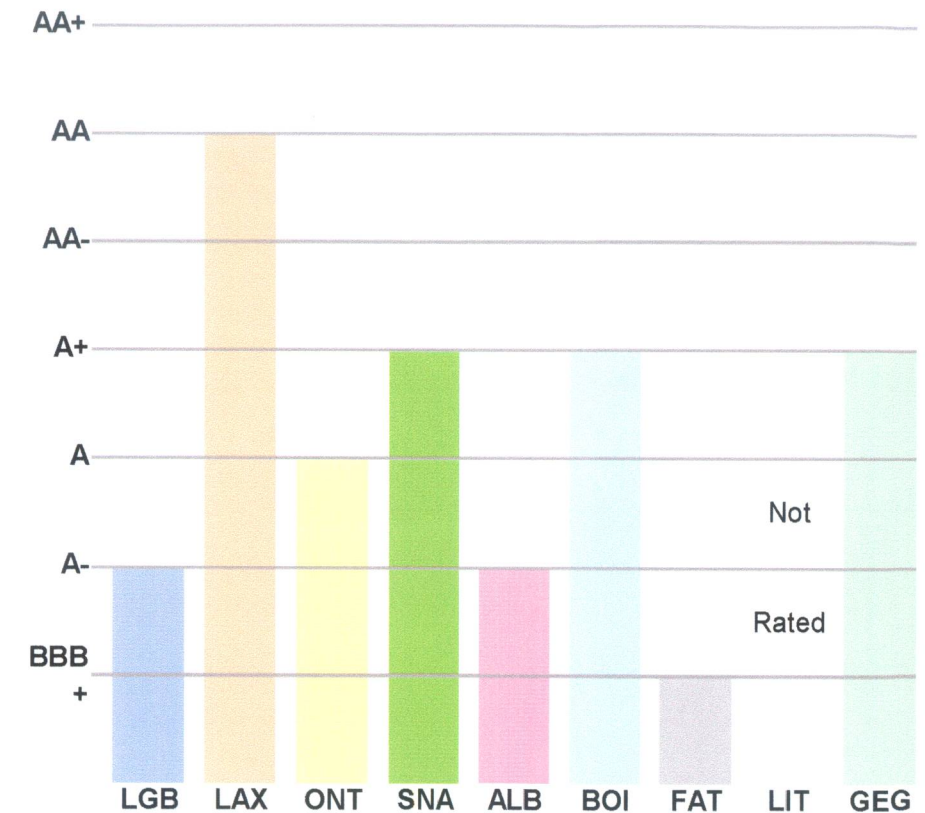


# Long-Term Ratings on Comparable Airports

## Moody's



## Fitch



### Local Airports

- LAX - Los Angeles International Airport
- ONT - Ontario International Airport
- SNA - John Wayne Airport

### Comparable National Small Hub Airports

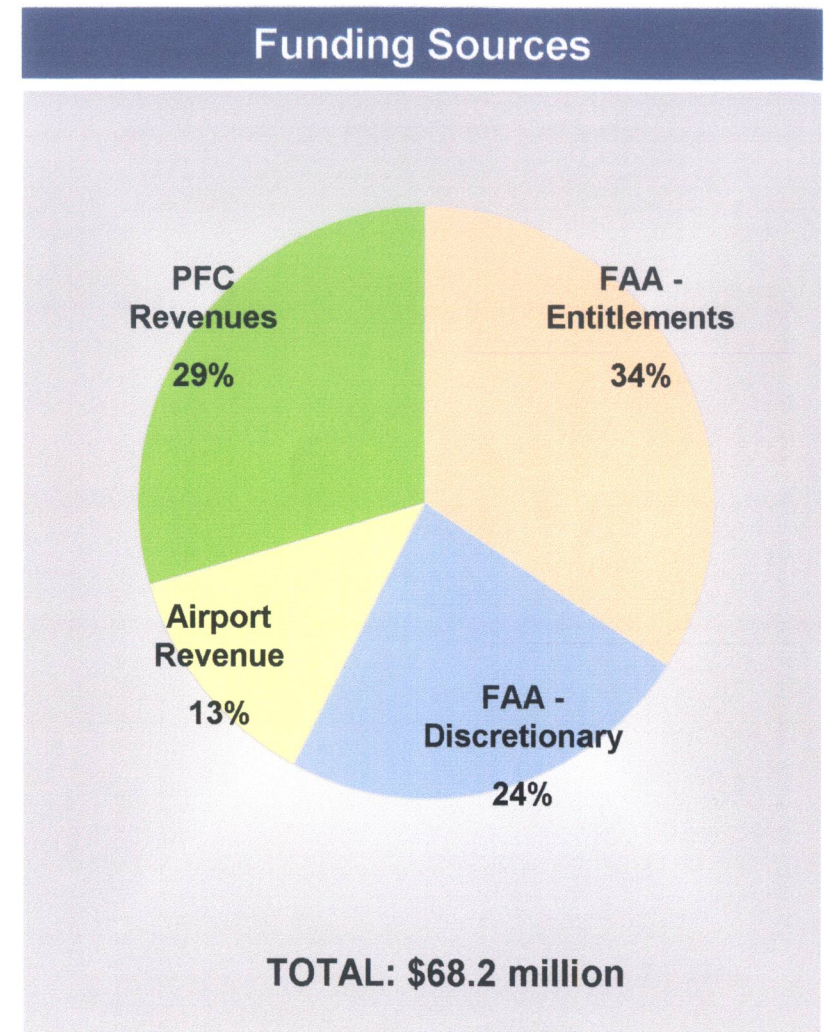
- ALB - Albany International Airport (NY)
- BOI - Boise Airport (ID)
- FAT - Fresno Yosemite International Airport (CA)
- LIT - Little Rock National Airport (AK)
- GEG - Spokane International Airport (WA)

# CIP Program – FY 2005 to FY 2009

## Funding Sources



- Federal Airport Improvement Program (AIP) grants
  - Entitlements (based on passengers)
  - Discretionary
  - CP for short-term borrowing
- Passenger facility charges (PFCs)
  - “Pay-as-you-go”
  - CP for short-term borrowing
- Airport operating cash flow
- CP Program will be used ONLY for rehabilitation and maintenance of existing facilities



# CIP Program – CIP Funding Sources FY 2005-FY 2009



## **Federal Airport Improvement Program (AIP) grants**

Entitlements (based on passengers)

Discretionary

Commercial Paper (CP) for interim financing purposes

## **Passenger facility charges (PFCs)**

“Pay-as-you-go”

Commercial Paper (CP) for interim financing purposes

## **Airport operating cash flow**

# CIP Program – Major CIP Projects FY 2005-FY 2009



## **Ramp Reconstruction**

Replace asphalt air carrier ramp with concrete

Install in-pavement electrical connections and conditioned air sources

Install new drainage and clarifier systems

## **Runway Rehabilitation**

Complete rehabilitation of primary Runway 12-30

Rehabilitate Runway 16L-34R

Rehabilitate Runway 16R34L

# CIP Program – FY 2005 to FY 2009

## Rehabilitation and Maintenance Projects



- Planned projects include:
  - ramp reconstruction
  - taxiway and airfield pavement rehabilitation
  - replacement and upgrade of airport security systems
  - replacement of aging aircraft rescue and fire fighting vehicles and equipment
  
- Construction projects are NOT related to:
  - Terminal Area Improvements Environmental Impact Report (“EIR”)
  - Increasing passenger capacity at the airport



# Financing Schedule



Thursday, October 14

- Receive Short-Term Credit Ratings for CP Program

Tuesday, October 19

- City Council Approves CP Program

Monday, November 1

- Finalize Bond Documents & Receive Signatures

Tuesday, November 2

- CLOSE