DENVER INTERNATIONAL AIRPORT
DEN

GREAT HALL UPDATE

DENVER INTERNATIONAL AIRPORT
JUNE 2017

DEN IS GROWING

6th BUSIEST

6th busiest airport in the U.S.

18th in the world

58.3 MILLION

58.3 million passengers in 2016

24 AIRLINES

Home to 24 airlines

185 DESTINATIONS

Over 185 nonstop destinations

23 international cities in nine countries

- 2016 was record year with 8% growth over 2015
- DEN has now seen 19 consecutive months of record-setting passenger traffic
- 5.1% increase in international passenger growth
- 59 consecutive months of international growth

NEXT DEN

- With the growth DEN is experiencing and the aging infrastructure, we must plan for the future
- Five main priorities:
  - Jeppesen Terminal
  - Concourses A, B & C
  - Airside (runways, taxiways, deicing, ramps, fueling, etc.)
  - Landside (roadways, parking, rental cars, etc.)
  - DEN Real Estate
- DEN is an enterprise and is not funded by taxpayer dollars

GROWTH CHALLENGES

- Current location of TSA checkpoints creates an area of vulnerability
- TSA checkpoints are at capacity without adequate space to expand
- Expect to set 55 new record days this summer for passenger traffic
- Jeppesen Terminal was built to serve only 50 million annual passengers
- Facility starting to age and in need of major maintenance/upgrades
- Lacking adequate amount of concessions space to accommodate projected passenger growth
- Gates are at capacity – airline requests for 30 additional gates by 2020
  - Seven new airlines started service in the last two years
  - Added four new international destinations in less than two years
- Underutilized and inefficient ticket lobby space

GREAT HALL COMPONENTS

Consolidated Ticket Lobby

New TSA Security Screening Experience

A Bridge Connection

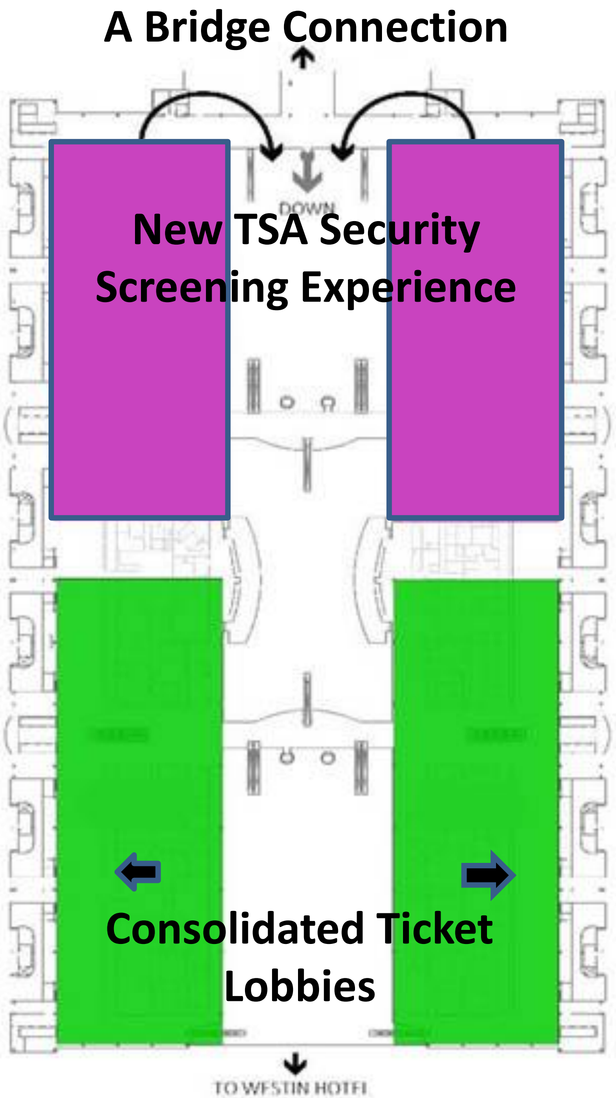
LEVEL 6

New Meeter-Greeter Southern Lobby

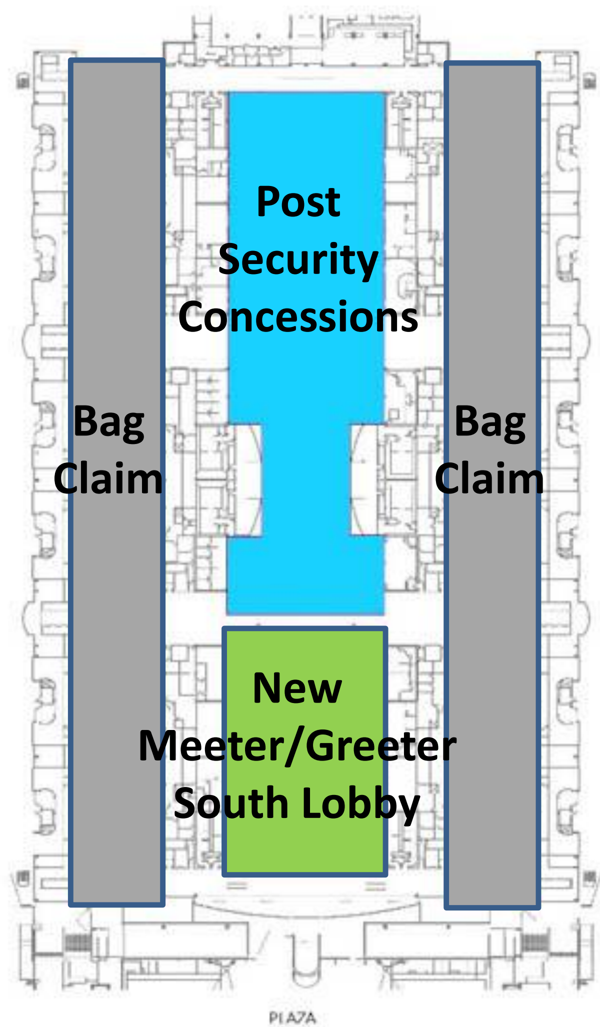
Post- Security Concessions Area

LEVEL 5

GREAT HALL COMPONENTS

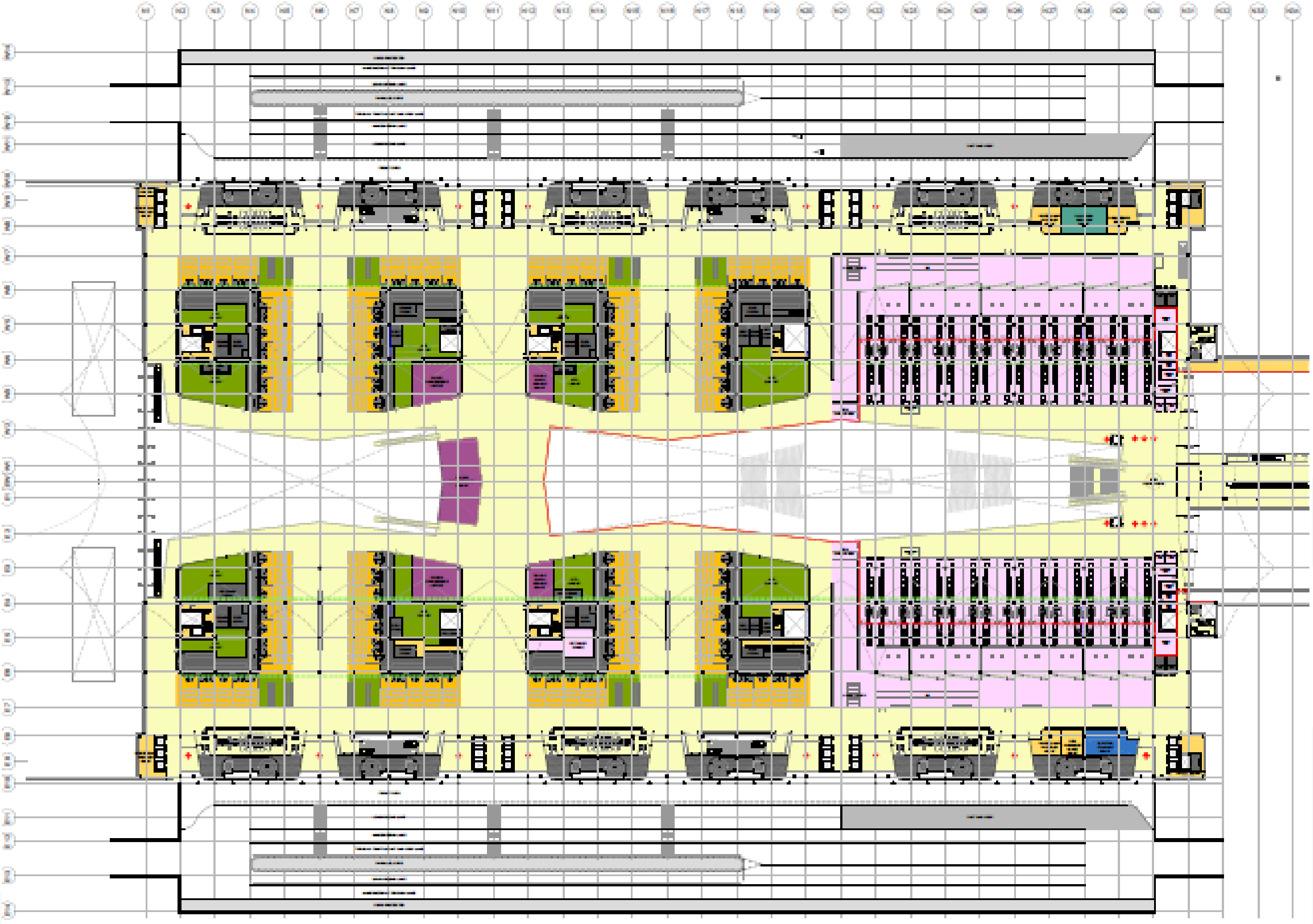


Level 6

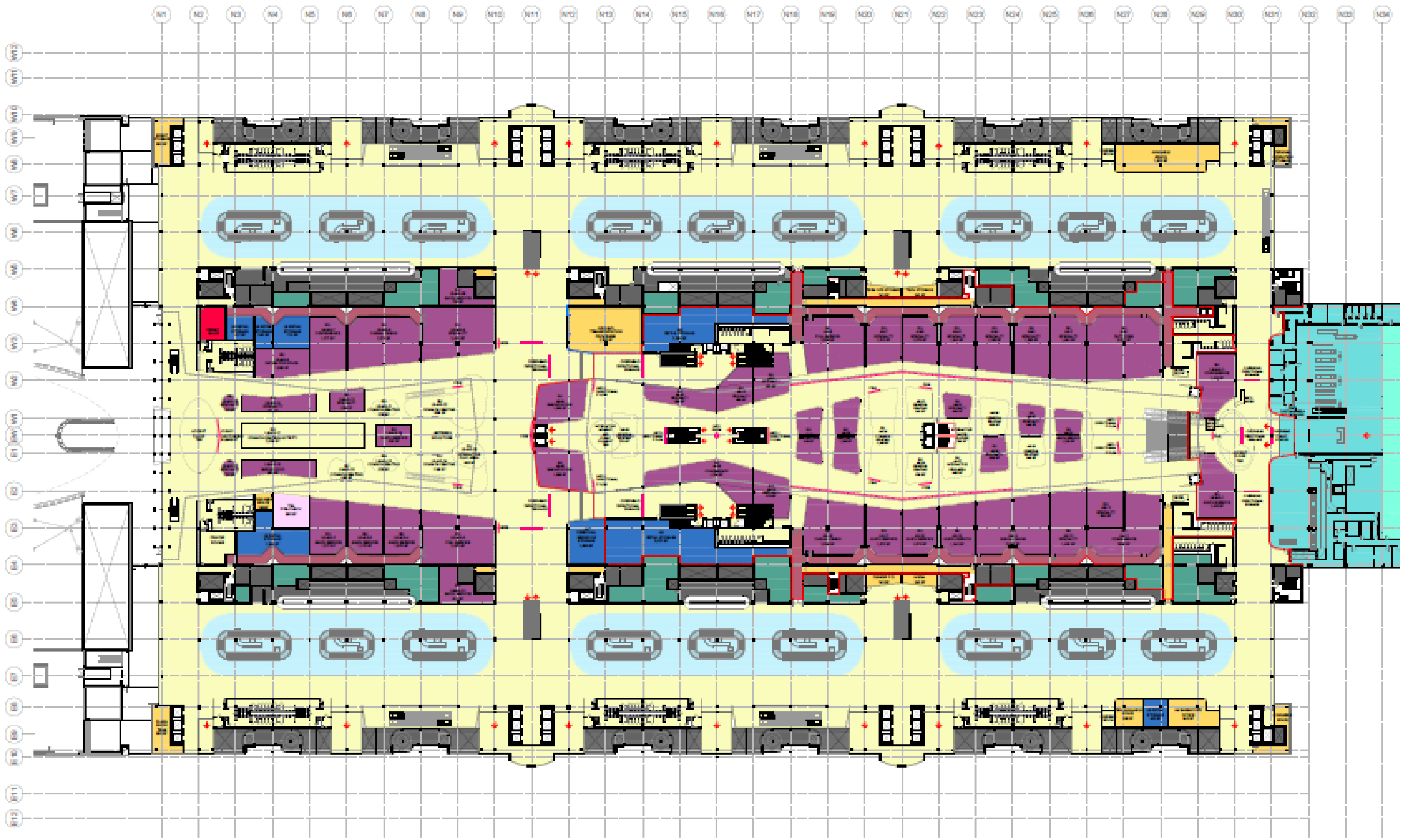


Level 5

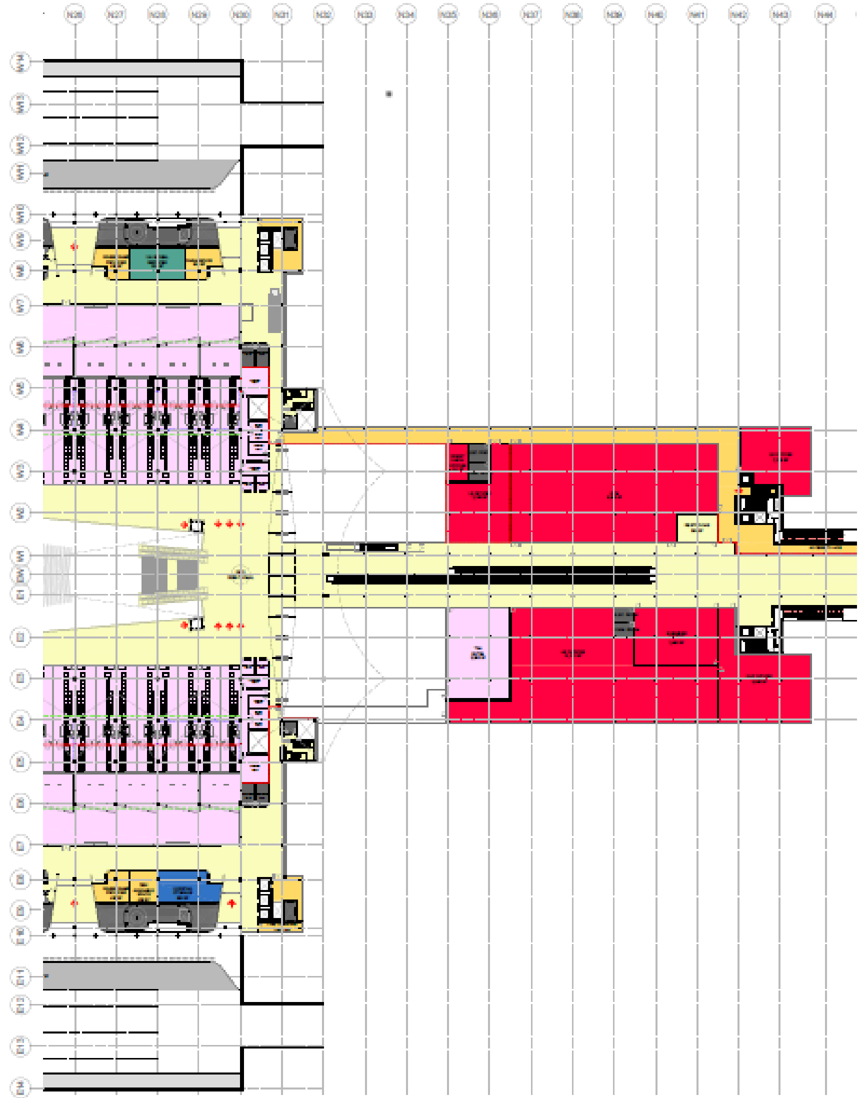
GREAT HALL 6th FLOOR LAYOUT



GREAT HALL 5th FLOOR LAYOUT



GREAT HALL AOB CORRIDOR



POST-SECURITY CONCESSIONS

MEETER/GREETER AREA

BENEFITS OF PROJECT

- Decreases vulnerability in terminal
- Increases capacity of terminal from 50 to more than 80 million annual passengers (2031-2032) based on 65% origin & destination
- Balances terminal capacity with new concourse capacity (assuming gate expansion)
- Increases throughput at security checkpoints by 50% to 70%
- Enhances passenger experience – both pre- and post-security
- Improves and increases concessions and increases terminal revenue overall
- Upgrades and replaces critical systems (mechanical, electrical)
- Upgrades facility (escalators, elevators, restrooms, ticketing and screening technology)
- Creates both construction and permanent jobs

BENEFITS OF A P3

- Provides the opportunity to partner with private sector firms, utilizing their creativity, expertise, and capital
- Capture Great Hall Partners expertise from Heathrow Airport and other facilities
- Leverage private sector capital in exchange for long-term revenue share
- Transfer risk – P3 partner and airport share operational and financial risk (delivery, operations and cost certainty)
- Shorter project delivery time at lower cost
  - Accelerates implementation schedule by approximately two years

VALUE FOR MONEY ANALYSIS

- One integrated contract for entire life cycle
    - Reduces complexity of procuring and managing multiple contracts
- Cost certainty provides long-term planning flexibility for DEN
    - Capital / Operating expenses and financing costs are fixed over the 34 year term
    - DEN not responsible for cost overruns and delays
    - Performance measures include time to completion and operations
- Enhanced financial security compared to public debt
    - Substantial oversight by corporate investment board ensuring return on equity
    - Stringent evaluation of deal and ongoing performance by lenders and investors conducting higher level of due diligence of deal structure and performance
- Reduced operating costs
    - Efficiency and greater competition in concessions bidding process
    - Fixed price encourages innovative design and higher standards of maintenance

TERMS OF P3

- Developer:
  - Responsible for designing and constructing improvements, managing terminal concessions and providing operations and maintenance of certain areas
  - Commits to price and schedule
  - Contributes capital and gets repaid (plus return) through a combination of DEN payments and 20% of concessions revenues
- DEN:
  - Maintains control over airline ticket lobbies, security screening area and public circulation areas
  - Pays developer to design and construct project via progress payments
  - Pays developer annually to operate and maintain designated areas of the terminal for 30 years via supplemental payments
  - Receives 80% concession revenues and 100% other terminal revenue such airlines, rental car, A bridge, etc.

CONCESSIONS PROGRAM

- Developer would build out commercial area on Levels 5 and 6 (tripling current size)
- Developer would select and manage concession operators, subject to:
  - Procurement requirements (70% of locations must be competitively procured)
- DEN and Developer share in revenue (DEN – 80%, GHP – 20%)
- Developer cannot operate any concession
- DEN would develop and manage concessions on A bridge entry

CAPITAL COSTS – CONTRACT VALUE

- Capital cost estimate: : $650-$775 million
- Progress payments over first 4 years will fund partial cost of design and construction
  - Includes soft costs: design, FF&E, inspections, permits, 1% for art
  - Hard construction cost
  - Owner's contingency
  - DEN payment amount TBD, developer will contribute equity
- Supplemental payments TBD but currently estimated at $30 million/year
  - Operations and maintenance
  - Financing
  - 30-year term
- Combination of progress payments and supplemental payments will result in total contract value

TOTAL CONTRACT VALUE AND TERM

PROGRESS PAYMENTS

DEN portion of construction costs + owner contingency

+

ANNUAL SUPPLEMENTAL PAYMENTS

O&M Expenses
Capital Financing Costs

= Total Contract Value

4 Years

DESIGN & CONSTRUCTION

30 years

OPERATIONAL PERIOD

= Total Contract Length

REVENUE

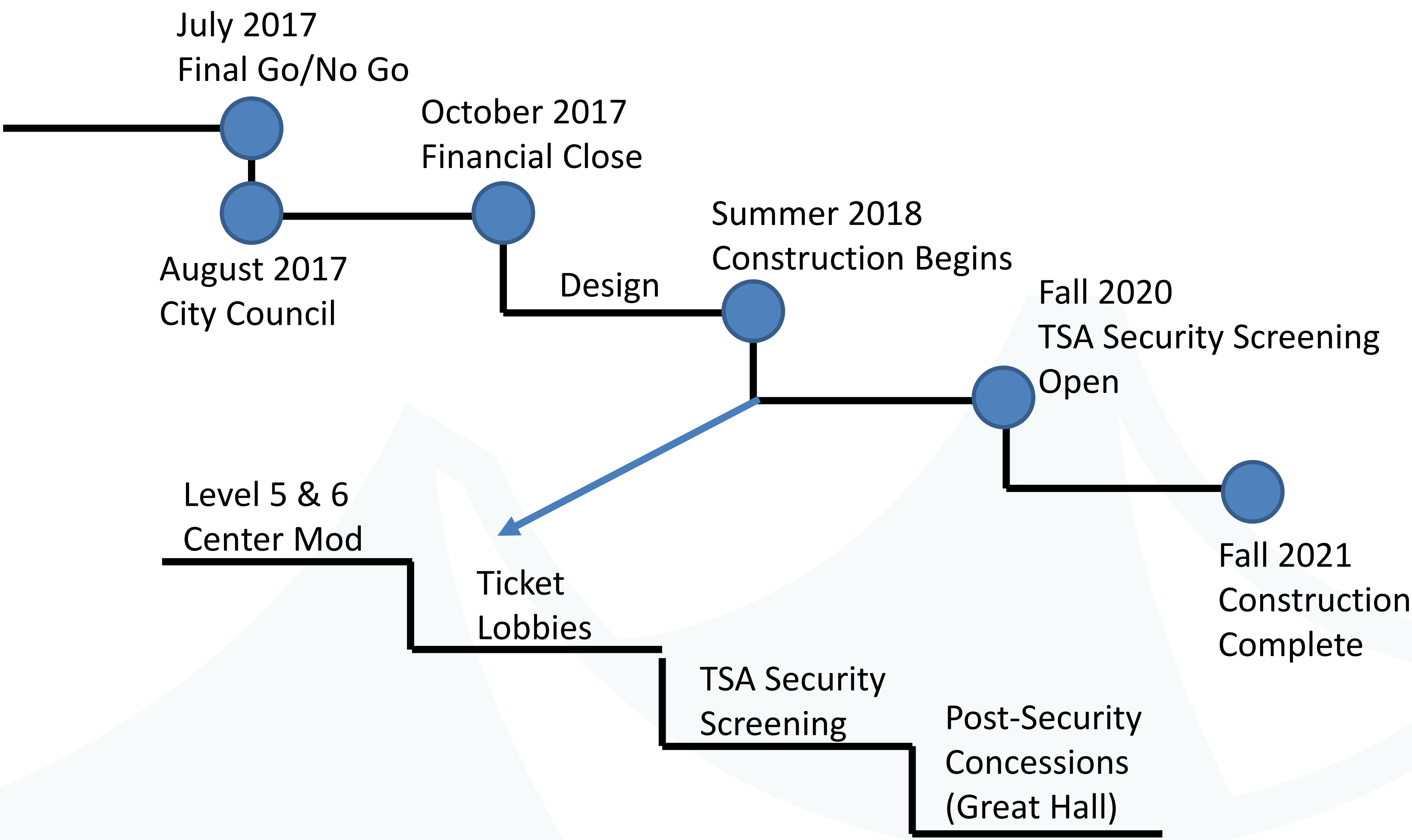
Concession revenue (80% to DEN, 20% to developer)
100% revenue from A bridge concessions to DEN
100% revenue from airline rents, rental cars, etc.

LARGE HUB CAPITAL PROGRAMS

ORDINANCE COMPONENTS

- Ordinance will include more than just the construction cost
  - Operations and maintenance
  - Financing
  - Owner costs
  - 34-year term
  - Maximum contract amount

MILESTONE SCHEDULE



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