



Richard M. Daley, Mayor



Rosemarie S. Andolino, Commissioner

CDA Web Alert

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City Receives Favorable Ratings for O'Hare Airport Revenue Bonds

The City of Chicago has received favorable credit ratings from the nation's three largest rating agencies for its planned sale of O'Hare Airport Revenue Bonds for completion of the first phase of the O'Hare Modernization Plan (OMP). The proposed bonds include \$1.1 billion of new money and refunding Third Lien General Airport Revenue Bonds (GARBs); up to \$279 million new money and refunding Passenger Facility Charge (PFC) Revenue Bonds, Series 2010. In addition to funding OMP projects, proceeds will also fund capital improvement program projects for the airport and refinance outstanding debt for savings.

On March 29, 2010, Fitch Ratings affirmed its 'A' rating on O'Hare's Third Lien GARBs and its 'A+' rating for the airport's PFC bonds with a stable rating outlook.

Moody's Investor Service followed on March 30, 2010, affirming the airport's GARB rating at 'A1' with a stable outlook. However, Moody's downgraded its rating for the airport's PFC revenue bonds to A2 from A1, primarily due to reduced PFC revenue collections stemming from recent decline in passenger activity and the resultant impact on PFC Bond debt service coverage.

Finally, on March 31, 2010 Standard & Poor's affirmed its 'A-' rating with a stable outlook for the Third Lien GARBS and downgraded its rating for the airport's PFC revenue to 'A-' from 'A' with a stable outlook.

"These favorable ratings are proof that Chicago's airports are the economic engines for our City, region and state as we continue to move forward with Mayor Richard M. Daley's future vision for O'Hare International Airport," said Chicago Department of Aviation Commissioner Rosemarie S. Andolino. "The OMP will continue to provide jobs and add to the region's economy."

The favorable bond ratings reflect the overall size and economic strength of the Chicago region which ranks as the third largest metropolitan area in the United States. In 2009, O'Hare facilitated nearly 32 million enplaned passengers and passenger service by 51 airlines to 131 domestic and 56 international non-stop

destinations. O'Hare's geographic location along the heavily traveled east/west air routes and its large population base make it a natural location for airline hub operations. Both United and American, two of the world's largest airlines in terms of revenue passenger miles, operate major connecting hubs at the Airport.

"The affirmation of the ratings on the outstanding O'Hare Airport General Airport Revenue Bonds reflects the continued strong operational and financial management of the airport, which is critical during the difficult times in the aviation industry and the economy as a whole," said Chicago Chief Financial Officer Gene Saffold. "Maintaining the current rating level will enable the city to borrow at favorable interest rates and save millions in financing costs."

In their respective ratings Fitch, Moody's and S&P cited the following strengths of O'Hare International Airport:

The airport's substantial traffic base as well as its central role in the national air transportation system; A broad and diverse economic base that creates strong local demand for air service to complement the airlines' hub operations; Unique dual hub for two major airlines, American and United, who maintain a strong presence at the airport; Management focus on cost-containment and delivery of the \$3.28 billion OMP phase one on schedule and within budget.

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The Chicago Department of Aviation (CDA) is self-supporting, using no local or state tax dollars for operations or capital improvements at O'Hare and Midway International airports. Together, Chicago's airports generate more than \$45 billion in annual economic activity and create 540,000 jobs for the region. Please visit www.flychicago.com to learn more about the Chicago Department of Aviation.

The CDA continues to incorporate and expand sustainable initiatives for airport planning, operations and maintenance, concessions and tenants in accordance with the CDA Sustainable Airport Manual (SAM), released in August 2009. To view case studies, lessons learned and new technologies, and for more information on the SAM, please visit www.airportsgoinggreen.org.

The O'Hare Modernization Program (OMP), introduced by Mayor Richard M. Daley in June 2001, transforms O'Hare's airfield from an outdated system of intersecting runways into a modern parallel runway configuration. The program will reduce overall delays at the Airport by 79 percent, and bad weather delays by 95 percent. It will create 195,000 new jobs and \$18 billion in additional economic activity each year. Please visit www.oharemodernization.org to learn more about the OMP.

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