

Municipal Credit > Investment Grade



Atlanta, GA Senior Lien Airport Revenue Bonds

Updated: Oct 31, 2015

Trade Idea:

- ▶ Buy Atlanta, GA senior lien airport revenue bonds.

Investment Rationale:

- ▶ Security: The bonds are secured by a senior lien on the airport's net revenues as well as a junior lien on the airport's PFC revenue. The airport has an additional bonds test that requires 1.3X projected maximum annual debt service coverage.
- ▶ Debt service coverage in FY14 was strong at 1.8X.
- ▶ The airport is in the Atlanta MSA and is Delta's primary hub. With a rapidly growing population of 5.5 million, the Atlanta MSA provides a strong base demand for air travel to augment Delta's roughly 50 million annual connecting passengers.
- ▶ The airport, which is the most active in the world, serviced 94.8 million passengers in FY14. FY14 enplanement at 47 million passengers was down by .4% but has increased year over year since FY10.
- ▶ The airport maintains 1218 days cash on hand (FY14) and has a history of paying for capital projects with cash on hand rather than increasing leverage.

Recommendation(s):

View	Trade Horizon	Credit	Ratings Moody/S&P/ Fitch	Internal Rating	Maturity of Selected Comp	Cusips	Spread to AAA curve at Issuance	Next Expected Issuance
Buy	12 Months	Atlanta, GA Senior Lien Airport Revenue Bonds	Aa3/A+/A+	AA+Stable	1/1/2025 And 1/1/2023	04780MTD1 Non AMT 04780MTX7 AMT	+35 Non AMT and +65 AMT	None planned at this time